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ABSTRACT

The report was prepared by a task force appointed to examine issues related to the University System of Maryland (USM) ten years after its creation in 1988. The task force focused on key issues raised by stakeholders and higher education experts, including statewide goals and priorities for the USM; duplication and overlap of authority between the Maryland Higher Education Commission and USM; flexibility in management and reporting functions, and funding issues. The report found that institutions in the USM have made significant progress toward goals set in 1988 despite lower than anticipated funding and believes that the legislation remain valid; however, it recommends some modifications and additions. The report is comprised of the following sections: letter of transmittal; a membership roster; executive summary; creation and charge of the task force; summary of activities of the task force; historical perspective of the USM governance structure; funding and enrollment trends at USM; description of USM institutions; status of implementation of 1988 legislation; state financial commitment to higher education; independent consultant reports; findings and recommendations; minority reports; and 10 appendixes, including an organization chart, a time line of Maryland's four-year public institutions, and an organizational chart of postsecondary education in the state. (CH)

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REPORT OF THE TASK FORCE TO STUDY THE GOVERNANCE, COORDINATION, AND FUNDING OF THE UNIVERSITY SYSTEM OF MARYLAND

1998 Interim

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Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland

Admiral Charles R. Larson, USN (Ret), Chairman

January 1999

The Honorable Parris N. Glendening
Governor of Maryland

The Honorable Thomas V. Mike Miller, Jr.
President of the Maryland Senate

The Honorable Casper R. Taylor, Jr.
Speaker of the House of Delegates

Gentlemen:

On behalf of the Task Force on the Governance, Coordination, and Funding of the University System of Maryland, I respectfully submit our final report.

In August of this year, the 23 members of the Task Force were appointed to examine issues related to the University System of Maryland ten years after its creation. The Task Force maintained an ambitious schedule throughout the fall of 1998 to complete the Task Force's work by the January 1999 deadline, as established in Joint Resolutions 4 and 5 of 1998. In an effort to fully understand the complexity of its charge, the Task Force held eight meetings, conducted four regional public hearings, and visited the campuses of the 13 constituent institutions of the University System of Maryland (USM). During the course of its activities, the Task Force heard testimony from the major stakeholders and several experts in higher education. In addition, as required, the Task Force hired the Association of Governing Boards of Colleges and Universities and the Education Commission of the States to complete studies on governance structure and funding, respectively.

The Task Force focused on key issues raised by stakeholders and experts in higher education in a number of areas including: statewide goals and priorities for higher education; the governance structure of the University System of Maryland (USM); duplication and overlap of authority between the Maryland Higher Education Commission (MHEC) and USM; flexibility in management and reporting functions; and funding issues.

The Task Force has made numerous recommendations in these areas which are summarized in the Executive Summary and discussed in detail in the "Findings and Recommendations" section of the report. Many of the recommendations can be implemented without legislative action. The recommendations which require legislative changes to implement are attached.

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I wish to express my appreciation to my vice chair, Delegate Nancy K. Kopp, and to the members of the Task Force. Their participation in meetings, campus visits, and regional public hearings was instrumental in making this a meaningful assessment of the future of public higher education in Maryland. I also appreciate the hard work and dedication of the staff of the Department of Legislative Services. Although the report is the most obvious product of our effort, I believe this intensive four month process of review will yield benefits now and in the future.

It was a pleasure for me to participate and lead this effort. Thank you for the opportunity.

Sincerely,

Charles R Larson

Charles R. Larson
Chairman

CRL/RHH/jab

Enclosure

cc: Members of the Maryland General Assembly

Legislation Necessary to Implement the Recommendations of the Task Force

1. Amend § 11-105 (h) of the Education Article to clarify that the role of the Maryland Higher Education Commission in the review of the System's operating budget request and capital budget request is in the broad context of the State Plan for higher education. Clarify in that subsection that MHEC does not have the authority to disagree with a budget item approved by the Board of Regents unless that item is clearly inconsistent with the State Plan for higher education.

2. Revise MHEC's authority over mission statements. MHEC approval is no longer required, however, MHEC must review mission statements for consistency with the State Plan and may reject a statement if it is inconsistent (§ 11-302 of the Education Article). Delete the current detailed requirements for mission statements set forth in § 11-303 of the Education Article. Substitute language requiring MHEC, with the assistance of the institutional presidents, periodically to develop a format for mission statements.

3. Revise current program review and approval procedures for USM by: amending § 12-109 to grant authority to presidents to establish new programs and abolish existing programs within their institutional mission and existing budget; altering § 11-206 of the Education Article to revise the role of MHEC in the review and approval of new programs for USM; revising § 12-106 of the Education Article to reflect the changes in the role of the USM Board of Regents in the program review and approval process. All of these revisions sunset after 3 years.

4. The Task Force endorsed the concept of establishing USM as a public corporation with greater flexibility than its current status but did not recommend specific powers of the corporation. The Task Force requested that staff develop a draft proposal of policy options in the areas of procurement, personnel, and information management (attached as an appendix to the report).

5. The Task Force recommended several funding initiatives which could be implemented by the Governor through the budget without legislation. However, if the initiatives are to be mandated then legislation would be needed to require minimum funding levels on a per full-time equivalent student (FTES) basis for USM degree granting institutions (except University of Maryland University College), the University of Maryland, College Park, the University of Maryland, Baltimore, and the University of Maryland Baltimore County. The Task Force also recommended that MHEC receive strategic incentive funding to distribute to higher education institutions in support of statewide goals and priorities and that the USM Board of Regents receive incentive funding to encourage mission accomplishment by institutions.

6. Reestablish Private Donation Incentive Program

7. Reestablish College Preparation Intervention Program

7

Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland

1998 Interim Membership Roster

Admiral Charles R. Larson, USN (Ret), **Chairman**
Delegate Nancy K. Kopp, **Vice Chairman**

Mr. Lance W. Billingsley
Senator Clarence W. Blount
Dr. Alan Cheung
Delegate Norman H. Conway
Mr. George C. Creel
Delegate George Edwards
Dr. Patricia S. Florestano
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Dr. C. D. Mote, Jr.
Senator Robert Neall
Lt. General Emmett Paige, Jr., U.S. Army (Ret)
Delegate Howard P. Rawlings
Delegate Mark K. Shriver
Dr. Dolores R. Spikes
Mr. Jeffrey R. Springer
Dr. Hoke L. Smith
Senator Joseph D. Tydings

Task Force Staff
Rachel Hise
Tina Bjarekull
Carol Swan
Benjamin Birge
Claire Rooney
Gary Thomas

Support Staff
Jo Ann Bryan
David Warner, Library Resources

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Executive Summary

The Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland was charged with examining issues related to the University System of Maryland ten years after its creation. The 23 members were appointed in August 1998 and maintained an ambitious schedule throughout the fall of 1998 to complete the Task Force's work by the January 1999 deadline. In an effort to fully understand the complexity of its charge, the Task Force held eight meetings, conducted four regional public hearings, and visited the campuses of the 13 constituent institutions of the University System of Maryland (USM).

The 1988 legislation (Chapter 246, Acts of 1988), which created the USM, significantly restructured public higher education in Maryland. It set goals for public higher education, including broad policies, institution-specific goals, and funding goals. The Task Force reviewed the requirements and expectations of the 1988 legislation and the status of implementation of the 1988 legislation.

The Task Force focused its work on key issues raised by stakeholders and experts in higher education in a number of areas including: Statewide goals and priorities for higher education; the governance structure of USM; duplication and overlap of authority between the Maryland Higher Education Commission (MHEC) and USM; flexibility in management and reporting functions; and funding issues.

Findings

The Task Force found that each institution in the University System of Maryland has made significant progress during the past decade despite less State funding support than anticipated due to the economic recession of the 1990s. The Task Force believes that the goals of the 1988 legislation are still valid, and recommends some modifications and additions to the goals to meet the challenges of the current market and prepare for the next century. The Task Force recognizes that the 1988 legislation did not clearly prioritize the goals, and believes that some prioritization in light of experience over the past 10 years and the changing marketplace for higher education is necessary.

In comparing the governance structure of the USM today to the vision in 1988, the Task Force learned that System Administration is perceived as regulatory and institutional presidents do not feel empowered. As articulated by those actively involved in the creation of the 1988 legislation, the System was envisioned as a highly decentralized organization with System Administration responsible for coordination and presidents responsible for institutional operations. The System is not functioning as envisioned. The appropriate role of System Administration is facilitation rather than regulation; and institutional presidents must have significant autonomy to become entrepreneurial leaders.

Despite its shortcomings, a majority of the Task Force found that the System adds value to the quality and goals of higher education in Maryland and should be fine tuned, not abandoned. The System should move away from regulation and toward greater facilitation and coordination of the presidents as envisioned in the 1988 legislation.

The environment in which higher education operates today is much different than a decade ago. The use of technology is redefining the delivery of higher education. Institutions need increasing flexibility to respond to the needs of students today and into the 21st century. The Task Force made several recommendations to provide institutions with greater flexibility and less regulation to allow them to be more entepreneurial in operating their institutions. The overlapping authority of MHEC and USM in mission statements and program approval, in particular, was addressed by the Task Force in an effort to "free" institutions from duplicative processes.

The 1988 legislation set funding goals for higher education, including a minimum annual appropriation and a goal to provide 100% of the funding guidelines to be established by MHEC. The Task Force found that new funding guidelines, which are to assess the adequate level of funding for each public four-year institution, have not been developed.

More recently, in 1998 the General Assembly enacted Senate Bill 596 (Chapter 619, Acts of 1998) to provide a minimum funding level for higher education and goals to provide 12.5% of State general fund revenues for higher education in fiscal 2000, increasing incrementally to 15.5% in fiscal 2004. Higher education forecasts developed by the Department of Legislative Services indicate that if the State meets these goals, USM funding will increase 8.5% annually through 2004, an increase of $269 million over the four-year period with the largest increases in fiscal 2002 to 2004.

Recommendations

The Task Force offers these recommendations in the following areas.

Statewide Goals

- MHEC should coordinate a strategic planning process that produces a State Plan with "buy in" from all major stakeholders, from the institution presidents up to and including the Governor.
- The State Plan should be the blueprint for higher education in Maryland, and the context for institutions in developing mission statements, programs, and budget priorities.
- The State Plan should be updated biennially and culminate in a State Conference on Higher Education hosted by the Governor to focus the public agenda on higher education.
- To kickoff the new strategic planning process, the Task Force recommends that the Governor convene a state conference on higher education in 1999.
- MHEC should receive "strategic incentive funding" to distribute to higher education institutions in support of statewide goals and priorities.

Priorities

- The Task Force affirms the original goals of the 1988 legislation and recommends the following additions (shown in *italics*), in priority order:

1. Enhance the University of Maryland, College Park as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge; admit freshman to the campus who have academic profiles that suggest exceptional ability; provide access to the upper division undergraduate level of the campus for students who have excelled in completing lower division study; and provide the campus with the level of operating funding and facilities necessary to place it among the upper echelon of its peer institutions;

2. Maintain and enhance *an academic health center and* a coordinated higher education center for research and graduate and professional study in the Baltimore area (University of Maryland, Baltimore and University of Maryland Baltimore County) *with a focus on science and technology*;

3. *Enhance* and support high quality undergraduate, teacher preparation, *and masters* programs *at the regional comprehensive institutions, recognizing and supporting the unique mission of each of these institutions*;

4. *Support Towson University as the largest comprehensive institution*;

5. Enhance the Historically Black Institutions *and recognize the unique role of University of Maryland Eastern Shore as the State's 1890 land grant institution*;

6. Encourage collaboration among institutions *for the benefit of the students*;

7. *Encourage and enhance higher education centers, such as the Shady Grove Center in Montgomery County, through the use of technology, as points of collaboration and access for underserved areas of the State*;

8. *Recognize and promote the unique potential of University of Maryland University College to be a national and global leader in the new international marketplace of electronic and continuing education;*

9. Promote excellence at each campus;

10. Recruit and retain nationally and internationally prominent faculty;

11. Promote economic development;

12. Stimulate outreach to the community;

13. Promote access for economically disadvantaged students;

14. Increase access, retention, and advancement of African-American students; and

15. Promote equal education and employment opportunities.

USM Governance Structure

- The Task Force supports a single governing board for USM.

- No institution should be allowed to leave the System, because the Task Force believes that each institution can achieve its mission, and specifically that the University of Maryland, College Park can achieve the goals of "flagship status," within the current structure.

- The System is not functioning as envisioned. The appropriate role of System Administration is facilitation rather than regulation; and institutional presidents must have significant autonomy to become entrepreneurial leaders.

- The Task Force recommends that USM adopt the structural paradigm envisioned in 1988 by empowering the institutional presidents, facilitating rather than regulating their activities, and holding them accountable using measurable performance standards.

- The Council of University System Presidents should assume an active role in advising the Board of Regents in a substantive capacity and should meet regularly with the Board of Regents on a formal and informal basis.

- The System should search for ways to develop closer working relationships with the boards of visitors. The boards of visitors should meet periodically with the Chancellor and the Board of Regents and members of boards of visitors serve on various Regent committees and actively participate in all searches for new campus presidents.

MHEC/USM Overlapping Authority

Budget Review and Approval

- The Task Force supports the current budget process except that MHEC should not have the authority to disagree with a budget item approved by the Board of Regents unless that item is clearly inconsistent with the State Plan for higher education.

Institutional Mission Statements

- Final adoption of mission statements should be the purview of the governing boards.

- MHEC should review these statements to ascertain that they are consistent with the State Plan. If MHEC determines that a mission statement is not consistent with the State Plan, the statement should be returned to the governing board with comments detailing all areas of inconsistency.

- The specifications for mission statements outlined in §11-303 of the Education Article should be deleted and MHEC, with the assistance of the institutional presidents, should periodically develop a format for mission statements germane to the existing environment.

Program Approval and Elimination

- Each USM president should be granted the authority to establish new programs and abolish existing programs consistent with the institutions' approved mission statement and within existing resources.

- This authority should be granted for three years initially.

- Any programs created or abolished by the presidents must be reported to the Board of Regents and MHEC.

- The Board of Regents should be responsible for ensuring that all new programs established by the USM presidents are within the scope of the institutions' mission statement and within the institutions' existing resources.

- MHEC should be responsible for assuring that new programs do not violate the equal educational opportunity obligations under State and federal law, including Title VI of the Civil Rights Act. If MHEC determines that a proposed program is in conflict with the State's equal education opportunity obligations, it must notify the institution and the Board of Regents stating its concerns. The institution must work with MHEC to resolve these concerns before implementing the proposed program.

- As an oversight function, MHEC should identify programs that are inconsistent with the State Plan and should maintain its authority to identify low productivity programs.

- MHEC should monitor the new program approval process and report annually to the Governor, the General Assembly, and the Board of Regents on the nature and extent of any program duplication or proliferation.

- Prior to the end of the third year, MHEC should submit a report to the Governor and the General Assembly on the impact of this policy on the quality and accessibility of postsecondary education in Maryland and any increased cost due to duplication of programs.

Flexibility in Management Functions and Reporting Requirements

- The Task Force endorsed the concept of making the University System of Maryland a public corporation with greater flexibility than its current status.

- The Task Force identified various policy options for flexibility in the areas of procurement, personnel, and information management.

- The Task Force recommends that the Governor appoint a group to conduct a thorough review of higher education reporting requirements with the goal of reducing the number of required reports to a minimum. The group should consider eliminating redundant reports, consolidating similar reports, and developing a relational database capable of generating reports in various formats.

Funding Guidelines

- MHEC should develop operating and capital budget funding guidelines, in accordance with its responsibilities under the 1988 legislation, based on current and aspirational peer institution comparisons and other appropriate factors.

- MHEC should develop these guidelines, in consultation with the segments of higher education and with appropriate public discussion, as soon as possible in 1999. Every effort should be made to have these ready for use in the next budget cycle.

- The guidelines should calculate an adequate base budget for each four-year public institution. As soon as the funding guidelines are approved by MHEC, these guidelines should be used to assess the State's funding of higher education.

Funding Goals

- The Task Force urges the State to strive to fulfill the 1988 goal of providing 100% of the funding guidelines, recognizing that the State may not be able to achieve this goal.

- Senate Bill 596 of 1998 should be considered the minimum State commitment to higher education for the next five years and beyond, and additional funding should be provided earlier in the five-year commitment to provide each institution with greater resources up front to achieve its mission.

- The importance of a commitment to long-term stable funding of higher education cannot be overstated.

State Funding

- To address immediate funding concerns, until the funding guidelines are developed, and for no more than two years, the following steps are recommended to be included in a fiscal 2000 supplemental budget:

  a. provide a minimum funding level of $5,000 per full-time equivalent student (FTES) to each USM degree granting institution (except UMUC);

  b. provide a minimum funding level of $12,284 per FTES in fiscal 2000 and $13,443 in fiscal 2001 to University of Maryland, College Park (UMCP), in recognition of its status as flagship institution, to bring UMCP into funding parity with its aspirational peers; and

  c. provide to the next priority for budget enhancements, in accordance with the Task Force's prioritization, additional funding to the research center in the Baltimore area, consisting of the University of Maryland, Baltimore (UMB) and the University of Maryland Baltimore County (UMBC), to assist each institution in moving toward parity with its peer institutions and achieving its unique mission.

Specifically, the Task Force recommends an additional $7 million for UMB and an additional $5 million for UMBC.

- While the temporary $5,000 per FTES floor does not apply to UMUC, the Task Force believes it is critically important to calculate a 1999 funding guideline for UMUC that assesses the adequacy of the current funding plan for UMUC and that recognizes the priority for UMUC recommended by the Task Force and UMUC's unique potential in the future.
- The above allocations are needed to get a head start on serious deficiencies. However, the calculation of a funding base or funding guidelines for all institutions should be treated as an urgent matter because this will be the basis to move the entire System forward to meet the goals of higher education in Maryland.
- In addition to the incentive funding already recommended for MHEC, the Task Force supports providing the USM Board of Regents with funding to encourage mission accomplishment.
- Although no specific recommendations are made in this area, the Task Force raises a cautionary note that changes in tuition, however approved, should be monitored carefully to ensure that there is no adverse impact on the goals of accessibility and affordability.
- In the area of the capital budget, the Task Force realizes that institutions' capital needs far exceed the current debt capacity of the State and System. The Task Force encourages the State to develop innovative solutions to address these capital needs, such as financing a capital trust fund with mandatory student fees or establishing a public building authority, and urges the institutions to explore opportunities for public-private ventures.

Private Donation Incentive Program

- The Task Force supports the re-establishment of the Private Donation Incentive Program with State funds to be used to promote excellence in higher education.

Foundation Activities

- The Task Force believes that a "dependent" foundation could have significant value for USM institutions and deserves careful consideration. Therefore, the Task Force supports the Board of Regent's appointment of a special committee to study this issue.
- The Task Force recommends that the special committee and the Board of Regents submit a report with recommendations to the Governor and the General Assembly in time for consideration during the 1999 legislative session.
- The Task Force encourages the Board of Regents to involve the USM presidents in their deliberations and to ensure their support of any resulting recommendations.

Technology Initiative

- The Task Force is concerned by the lack of a technology plan and funding initiative to address the needs and changing market of higher education into the next century.

- In January 1998, the Governor signed an executive order creating the Commission on Technology in Higher Education which focused its efforts on evaluating the technology infrastructure needs of the State's higher education community. Although the Task Force did not receive the commission report in time to consider its recommendations, the Task Force urges the Governor and General Assembly to closely consider the recommendations of the Governor's Commission and other proposals to address the technology and information systems needs of USM.

College Preparation Program

- The Task Force supports the College Preparation Intervention Program and encourages the State to take advantage of matching federal funds to re-establish this successful program.

Creation and Charge of the Task Force

During the 1998 Legislative Session, the General Assembly passed Senate Joint Resolution 8 and House Joint Resolution 12 (identical), resolving that the Governor and General Assembly establish a task force to study the governance, coordination, and funding of the University System of Maryland. The Governor signed both resolutions.

The resolutions contain several whereas clauses which provide additional information on the impetus for creation of a task force:

- a major restructuring of the State's higher education system was completed 10 years ago with the enactment of the 1988 legislation (Chapter 246, Acts of 1988);
- counter to expectations in 1988, the State's fiscal crisis in the early 1990's reduced State funding of higher education significantly, with funding only recently restored to pre-recession levels;
- a more stable funding source is necessary to meet the goals of the 1988 Charter;
- inefficiencies may exist due to potential overlap and duplication in the responsibilities and duties of the Maryland Higher Education Commission, the University System of Maryland (USM) Board of Regents, and the presidents of the constituent institutions of USM;
- there is a disparity in funding per full-time equivalent (FTE) undergraduate student at Maryland's public 4-year institutions; and
- there have been no major funding increases for public 4-year undergraduate education since 1988, despite funding increases in other areas of higher education.

Task Force Membership

In August 1998 the Governor, President of the Senate, and Speaker of the House appointed 23 members to the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland, including:

- 5 members of the Maryland Senate appointed by the President;
- 5 members of the Maryland House of Delegates appointed by the Speaker;
- 5 members of the public appointed by the Governor;
- 2 members of the Board of Visitors of USM constituent institutions appointed jointly by the President and the Speaker;
- the Secretary of Higher Education;
- 1 member of the USM Board of Regents; and
- 4 Presidents of USM institutions: University of Maryland, College Park; Towson University; University of Maryland Eastern Shore; and Frostburg State University.

In consultation with the President of the Senate and the Speaker of the House, the Governor appointed Admiral Charles R. Larson, USN (Ret), as Chairperson of the Task Force. Admiral Larson appointed Delegate Nancy Kopp as Vice Chairperson.

In accordance with the resolutions, the Task Force is charged with studying: 1) the governance, coordination, and funding of the University System of Maryland; 2) methods to increase the prominence of the University System of Maryland's constituent institutions nationally and internationally; and 3) the efficiency of higher education services to Maryland citizens. The Task Force is required to solicit the views of the USM Board of Regents, the boards of visitors of constituent institutions, the Maryland Higher Education Commission, and leading national experts in higher education.

Studies

The Task Force was required to hire outside consultants to conduct two studies:

- Association of Governing Boards of Colleges and Universities was hired to study the governance structure of the University System of Maryland and other public university systems around the country, particularly those with flagship institutions, and to recommend changes in the USM governance structure which may be necessary to bring USM into national eminence among public university systems; and

- Education Commission of the States was hired to study the current and future funding needs of the USM constituent institutions to assist each institution in reaching its stated mission and goals, including a funding history.

Summary of Activities of the Task Force

Summary of Task Force Meetings

September 23, 1998

Rachel Hise, Analyst with the Department of Legislative Services - Office of Policy Analysis (OPA), provided an overview of the legislation establishing the Task Force and summarized the charge of the Task Force and its responsibilities. Ms. Hise explained that the Task Force must solicit the views of the USM Board of Regents, the boards of visitors of constituent institutions, the Maryland Higher Education Commission, and national experts in higher education. The Task Force must also hire two outside consultants, the Association of Governing Boards of Colleges and Universities (AGB) and the Education Commission of the States (ECS). Ms. Hise reported that both consultants had been contacted and had submitted proposed workplans.

Tina Bjarekull, OPA Analyst, provided a historical overview of the governance structure of higher education in Maryland. She summarized the work of nine groups commissioned between 1924 and 1985 to study this issue and discussed the 1988 restructuring legislation, Chapter 246 of the Acts of 1988. Ms. Bjarekull also described changes to the governance structure since 1988 and the organization of the University System of Maryland (USM).

Benjamin Birge and Gary Thomas, OPA Analysts, provided a fiscal overview of higher education in Maryland. Their discussions included a summary of total State general fund appropriations to the System and its constituent institutions from 1985 through 1999, enrollment trends during this period, and total expenditures from all revenue sources. Following their presentation, Ms. Hise described the State's recent financial commitments to higher education, including a description of Chapter 619 of the Acts of 1998. This Act created new funding goals for higher education based on a percentage of State general fund revenues.

Edward O. Clarke, Jr., Chairman of the Maryland Higher Education Commission (MHEC), Charles B. Saunders, Jr., Vice Chairman of MHEC, and Dr. Patricia S. Florestano, Secretary of MHEC, presented an overview of the statutory responsibilities of the Commission. MHEC is responsible for statewide coordination of higher education including: (1) the public four-year colleges and universities; (2) the community colleges; (3) the independent colleges and universities; and (4) the private career schools. Dr. Florestano described the accomplishments of the Commission over the past decade and provided highlights of the Commission's future plans.

Lance W. Billingsley, Chairman of the USM Board of Regents, and Dr. Donald N. Langenberg, Chancellor, provided an overview of the University System of Maryland, including the governance structure, budget process, Vision III funding plan, and overlapping authority between USM and MHEC.

October 20, 1998

The Task Force accepted testimony from major stakeholders to the University System of Maryland at its second meeting. The first to testify was Dr. Patricia Florestano, Secretary of MHEC. Dr. Florestano provided an overview of the types of governing structures used to coordinate statewide higher education policies and discussed the authority and responsibilities of various statewide coordinating boards. In responding to questions posed by Task Force members, Dr. Florestano discussed Maryland's State Plan for higher education, the role of national accrediting boards, and the changing culture of higher education. Later, Dr. Florestano was joined by Mary Bode, Assistant Secretary of MHEC, who presented a national comparison of State financial assistance for higher education.

Mr. Lance Billingsley, Chairman of the USM Board of Regents, discussed the System's budget process and method of allocating funds to the member institutions. In addition, Chairman Billingsley presented the Board's recommendations for change and asked the Task Force to endorse the Vision III funding plan. Dr. Donald Langenberg, Chancellor of USM, discussed the stewardship of the System, the System's bond ratings, and the overlapping responsibilities between the USM and MHEC. Following his testimony, USM Regent Louise Michaux Gonzales spoke about the System's accomplishments during its first ten years of existence. Chancellor Langenberg then introduced Mr. Ted Peck, Chairman of the Chancellor's Advisory Council. Mr. Peck also serves as a member of the board of visitors for a number of USM institutions. Mr. Peck testified about the fundamental attributes of good leadership and cited examples of good leadership at the USM. He then described the progress of the institutions under this leadership.

The Task Force also received testimony from eight university presidents and two members of the institutional boards of visitors. Each president provided a brief discussion of their institution's mission, unique characteristics, and accomplishments to date. In addition, the presidents commented on the strengths and weaknesses of the USM governance structure and the System's impact on their institutions. In response to Admiral Larson's request, the presidents identified institutional needs which have not been adequately addressed and presented recommendations for change. The following presidents and visitors testified:

- Dr. Freeman Hrabowski, President of the University of Maryland Baltimore County;
- Dr. David Ramsay, President of the University of Maryland Baltimore (UMB);
- Mr. Richard Himbelfarb, Chairman of the UMB Board of Visitors;
- Dr. Nathanael Pollard, Jr., President of Bowie State University;
- Dr. Calvin Burnett, President of Coppin State College;
- Dr. William Merwin, President of Salisbury State University;
- Dr. Robert Myers, Interim President of the University of Maryland University College (UMUC);
- Mr. Richard Blewitt, a member of UMUC's Board of Visitors;
- Dr. Mebane Turner, President of the University of Baltimore; and
- Dr. Donald Boesch, President of the University of Maryland Center for Environmental Science.

October 21, 1998

The Task Force continued to gather information from major stakeholders at its third meeting. At that time, the Task Force heard from four university presidents and the Chairman of the University of Maryland, College Park (UMCP) Board of Visitors. The presidents discussed their institutional missions and accomplishments; described the System's strengths and weaknesses; identified areas in need of improvement; and suggested recommendations for change. The following presidents and visitor testified:

- Dr. Catherine Gira, President of the Frostburg State University;
- Dr. C. D. Mote, Jr., President of UMCP;
- Mr. John Lauer, Chairman of the UMCP Board of Visitors;
- Dr. Dolores Spikes, President of the University of Maryland Eastern Shore; and
- Dr. Hoke Smith, President of Towson University.

November 11, 1998

Dr. Brit Kirwan, President of Ohio State University and former president of the University of Maryland, College Park, testified. Dr. Kirwan served 34 years at UMCP, including nine years as president, and played a role in the 1988 legislation restructuring higher education. Dr. Kirwan testified that the vision for UMCP as stated in the 1988 legislation is as appropriate today as it was in 1988. Having an institution recognized nationally, he testified, is enormously important to higher education in Maryland. Dr. Kirwan stated that the goal of achieving national eminence at UMCP is attainable, bu requires an incredible focus. He identified the following impediments to national eminence within the current governing structure: (1) the institutions within the System are too diverse to be under a single governing structure; (2) the budget process is a compromise among institutions, which does not permit a focus on what is important to UMCP; and (3) members of the Board of Regents must necessarily treat all institutions equally and, therefore, cannot be strong advocates for UMCP.

Dr. John Toll, President of Washington College and former chancellor of the University of Maryland, testified that the System should be maintained and that UMCP can obtain national eminence within that structure. He noted that the institutions are not in competition and should perform as team players.

The Task Force received a report commissioned from the Association of Governing Boards of Universities and Colleges (AGB). The AGB panel included:

- Mr. Richard Novak, Project Director at AGB;
- Mr. Richard T. Ingram, President of AGB;
- Dr. Terrence MacTaggart, Chancellor of the University of Maine System; and
- Dr. David Leslie, Professor of Higher Education at the College of William and Mary.

The AGB panel presented testimony on the governance structure of the University System of Maryland and other public university systems around the country, particularly those with flagship institutions. In addition, the panel offered five options and recommendations for change to bring USM into national eminence among public university systems.

The Task Force also received a report commissioned from the Education Commission of the States. Dr. Charles Lenth, ECS Director of Policy Studies for Higher Education, and Ms. Amy Cook, ECS Research Associate, discussed the current and future funding needs of the USM constituent institutions. Mr. Lenth discussed comparative revenues and expenditures of the constituent institutions relative to current and aspirational peers identified by the institutions against the current and aspirational peers identified by the National Center for Higher Education Management System (NCHEMS). There was considerable discussion and dispute concerning the institutional peers chosen by NCHEMS. Although the president of NCHEMS was scheduled to address the Task Force, he was detained by a snow storm in South Dakota. Therefore, many of the Task Force's questions remained unanswered.

December 2, 1998

Dr. Gordon Davies, President of the Kentucky Council on Postsecondary Education, addressed the Task Force. Dr. Davies indicated that he has been in the business of coordinating colleges and universities since 1983. Prior to assuming the position of President of the Kentucky Council, he served as president of the Virginia higher education system for 20 years. Dr. Davies answered questions posed by the Task Force concerning the University of Virginia, the George Mason and James Madison Universities, and Kentucky's higher education system.

Dr. Roger Bulger, President of the Association of Academic Health Centers, discussed the unique challenges facing medical universities. Dr. Bulger testified that if a medical university is to achieve success, it must have fiscal flexibility to use funds in an appropriate fashion, the power to make personnel decisions, the freedom to organize and direct faculty activities, the authority to contract for services, and the autonomy to manage the business.

Dr. Peter McCann, Acting President of the University of Maryland Biotechnology Institute (UMBI), described the role of UMBI and its five research centers. Dr. McCann testified that the success and growth of UMBI depends on the cooperation of its sister institutions within the University System of Maryland. He stated that the System facilitates collaboration and recommended continuation of the current governance structure.

Dr. Margaret Jane O'Brien, President of St. Mary's College of Maryland (SMCM), discussed the distinct mission and structure of SMCM. The college offers less than two dozen majors and has had an honors program since 1978. SMCM is distinct from other institutions in that it has an independent board of trustees, receives a lump-sum budget, and its personnel positions are authorized by its board. Although SMCM's procurement rules are created by its board, Dr. O'Brien noted that they are similar to State procurement rules. She also noted that SMCM has the same reporting relationship with MHEC as other public institutions of higher education, including mission review and program approval, budget review, and accountability reporting. In addition the St. Mary's foundation has an independent board and is independently audited, similar to USM institutions.

Dr. Charles Lenth, ECS Director of Policy Studies for Higher Education, and Dr. Dennis Jones, President of NCHEMS, presented responses to questions raised during the Task Force's November 11 meeting and discussed formula funding for higher education.

December 15, 1998

Mr. Warren Deschenaux, Director of the Office of Policy Analysis (OPA), presented a summary of the State's fiscal condition. Although on a cash basis the State is in excellent fiscal condition, Mr. Deschenaux noted that there is an underlying imbalance between revenues and spending due to a phased-in income tax reduction and a refundable earned income tax credit. Mr. John Rohrer, Senior Manager of OPA, discussed the forecast for general fund support for higher education based on the funding goals outlined in the 1998 legislation, Senate Bill 596. He reported that general fund support for higher education is expected to grow by 7.7% in fiscal 2000, compared to an overall growth in general fund expenditures of about 3.7%.

Dr. Earl Richardson, President of Morgan State University (MSU), discussed the progress and challenges of MSU over the past decade. He expressed the importance of a coordinating agency in a State where there are many institutions in close proximity to each other.

Mr. Fred Puddester, Secretary of the Department of Budget and Management (DBM), discussed DBM's role in developing the System's operating and capital budgets and its oversight responsibilities related to personnel and procurement.

Dr. Mark Musick, President of the Southern Regional Education Board, discussed the problems leading to the 1988 reorganization of higher education in Maryland. He commented that a ten-year review is appropriate and indicated that Maryland had achieved many successes over the past ten years. He suggested that the Task Force may want to consider the issue of flexibility. With respect to funding, Mr. Musick indicated that, by some measures, Maryland's higher education system has done better than higher education systems in other states. In addition, Mr. Musick opined that the State Plan for higher education developed by MHEC is a good plan but lacks buy-in by the institutions and major stakeholders.

December 21, 1998

The Task Force held a work session on December 21, 1998. The meeting began with a presentation by the Department of Legislative Services on the funding of the University System of Maryland. Mr. John Rohrer, Senior Manager of OPA, and Claire Rooney, OPA Analyst, presented a forecast of general fund support for higher education based on Senate Bill 596 and the December 1998 general fund revenue projections by the Board of Revenue Estimates.

Prior to the December 21 meeting, the Department of Legislative Services prepared a decision document listing questions, issues, and discussion items. The Task Force worked from this document to establish preliminary recommendations.

December 22, 1998

Prior to the December 22 meeting, the Department of Legislative Services prepared a revised decision document reflecting the preliminary recommendations of the Task Force made at the December 21 meeting. The Task Force continued its deliberations working from this revised decision document. The Task Force voted to recommend several changes in the governance structure, coordination, and funding of the University System of Maryland. These changes are reflected in this report in the Findings and Recommendations.

Summary of Regional Hearings

The Task Force held four regional public hearings to solicit testimony from private citizens, students, teachers, administrators, government officials, business leaders, and professionals. These hearings were held in the following four regions on the dates indicated:

- the Western Maryland Regional Hearings was held at the Frostburg State University on October 26, 1998;
- the Greater Baltimore Regional Hearing was held at the University of Maryland Baltimore County on October 28, 1998;
- the Eastern Shore Regional Hearing was held at the Salisbury State University on November 2, 1998; and
- the Greater Washington Regional Hearing was held at the University of Maryland, College Park on November 5, 1998.

During these regional hearings, the Task Force received testimony from 99 individuals who described the accomplishments of the University System of Maryland and its constituent institutions, discussed the importance of higher education to their regions, addressed the role of the Maryland Higher Education Commission, spoke about foundations affiliated with the USM institutions, identified areas in need of improvement, recommended changes to the current governance structure, and urged additional State financial support for higher education. A list of those who testified at the regional hearings is included as Appendix 2.

Summary of Site Visits

Members of the Task Force visited the campuses of all 13 constituent institutions and several centers for research and education. The following is a summary of their visits:

- **October 6, 1998** - Visited the Downtown Baltimore Center, University of Baltimore, UMBI - Medical Biotechnology Center, and UMBI - Center of Marine Biotechnology;
- **October 7, 1998** - Visited Towson University;
- **October 15, 1998** - Visited the University of Maryland, Baltimore;
- **October 26, 1998** - Visited the Frosburg State University and the UMCES - Appalachian Laboratory;
- **October 28, 1998** - Visited Coppin State College and the University of Maryland Baltimore County;
- **October 30, 1998** - Visited the Shady Grove Center, the UMBI - Center for Advanced Research in Biotechnology, and Bowie State University;
- **November 4, 1998** - Visited UMCES - Horn Point Laboratory, University of Maryland Eastern Shore, and Salisbury State University;
- **November 5, 1998** - Visited the University of Maryland University College and the University of Maryland, College Park; and
- **November 30, 1998** - visited the University of Maryland University College Annapolis Center and held discussions with the commissioners of MHEC, members of the Board of Regents, and staff to the University System of Maryland.

Historical Perspective on the Governance Structure of the University System of Maryland

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Statewide Commissions on Higher Education in Maryland

Numerous statewide commissions have been appointed to study higher education in Maryland. Listed below is a brief summary of the recommendations made by some of these commissions as well as any significant changes made as a result of these recommendations. Although many of the commissions' recommendations were not directly adopted, these commissions have had a significant influence on the evolution of higher education policy in the Maryland.

1924 Janney Commission

The Janney Commission recommended that the State continue to depend largely on private institutions to meet its educational needs and recommended against expanding the mission of the University of Maryland beyond its role as an agricultural college. The commission also recommended the creation of a statewide board to oversee higher education. The commission's recommendation to create a statewide oversight board was not adopted at that time.

1931 Shriver Commission

The Shriver Commission recommended that the State phase out support for the independent colleges and recommended additional State support for the University of Maryland to expand its mission. In addition, the commission recommended that the State's two-year "normal schools" be expanded to offer baccalaureate programs. The commission's recommendations were not directly adopted.

1937 Soper Commission

The Soper Commission focused on the adequacy of higher education for Maryland's African-American population. The commission recommended that the State acquire Morgan College (which was a private institution at that time) and that the Bowie and Coppin institutions (which were formerly two-year "normal schools") be expanded to four-year institutions. In addition, the commission urged the State to close the Princess Anne Academy of the University of Maryland because it was so poorly funded. For the most part, the commission's recommendations were not immediately adopted. However, the State provided a modest increase in funding to its historically black institutions, and Morgan College became a State institution in 1939.

1947 **Marbury Commission**

The Marbury Commission recommended the following changes:

- establishing a statewide system of locally-controlled racially integrated two-year community colleges;
- expanding the University of Maryland College Park to 10,000 students;
- strengthening the medical and nursing colleges at the University of Maryland at Baltimore;
- enhancing funding and academic offerings at Morgan College;
- making Washington College a State institution and the Johns Hopkins Engineering School a State agency;
- abolishing the State's scholarship program;
- closing Princess Anne Academy of the University of Maryland, St. Mary's Female Seminary, Coppin State College, and Frostburg State College; and
- establishing a "State Board of Higher Education" to implement the commission's recommendations.

The commission's recommendations were not immediately adopted. However certain recommendations were adopted in later years.

1955 **Pullen Commission**

During a period of unprecedented enrollment growth, the Pullen Commission:

- reaffirmed the role of the community colleges as the primary means of meeting this growth;
- recommended expanding the public teachers colleges and liberal arts colleges into limited professional programs and graduate programs;
- recommended against establishing new campuses or branches in the Baltimore region;
- proposed the adoption of quantitative admissions standards at the public four-year institutions;
- recommended increased funding for public four-year institutions and a continuation of State scholarship programs for students attending independent colleges; and
- recommended a permanent "State Advisory Commission of Higher Education" to advise the Governor and the General Assembly.

The commission's recommendations were not adopted at that time. However, the ideas put forth by the Pullen Commission had a significant impact on the evolution of higher education policy in Maryland.

1960 Warfield Commission

The Warfield Commission recommended that the University of Maryland be expanded to cope with the continuing enrollment growth by building new university centers in the Washington/Frederick County region, the Central Eastern Shore, and the Greater Baltimore area. In addition the commission recommended transforming University of Maryland College Park to a campus with only upper-division and graduate programs. The commission's recommendations were not adopted at that time. However, the University of Maryland created the University of Maryland Baltimore County in 1966. This was the first public four-year institution created by the State.

1962 Curlett Commission

The Curlett Commission recommended a "tripartite system" of public higher education comprised of the community colleges, the State colleges, and the University of Maryland. The commission's recommendations included:

- changing the State teachers colleges into comprehensive undergraduate liberal arts colleges offering limited graduate programs and creating a single State board of trustees to govern the State colleges and Morgan State University;
- establishing a division within the State Department of Education to coordinate the community colleges;
- maintaining the University of Maryland Board of Regents as it existed; and
- creating a statewide coordinating council for higher education charged with advising and statewide planning.

Most of the commission's recommendations were adopted in 1963. The State created the Advisory Council for Higher Education as the statewide coordinating council. The State colleges became liberal arts institutions under the governance of the Board of Trustees of the State Universities and Colleges and the community colleges were expanded throughout the State. In 1968 the Advisory Council's name was changed to the Maryland Council for Higher Education.

1975 **Rosenberg Commission**

The Rosenberg Commission recommended the following changes in the structure of higher education in Maryland:

- abandoning the tripartite system by eliminating the statewide boards and creating individual institutional governing boards;
- creating a State-level coordinating board with considerable authority over the independent institutions and responsibility for planning, evaluating, budgeting, and developing programs for higher education;
- bringing the Baltimore institutions together into a super university governed by Morgan and developing Morgan as an urban-oriented and doctoral granting university;
- merging Salisbury State University and the University of Maryland Eastern Shore; and
- creating a State-level board for coordinating higher education with elementary and secondary education.

Although most of the commission's recommendation were not adopted, in 1976 the State created a strengthened coordinating board. This new board, the State Board for Higher Education (SBHE), had the regulatory authority to approve new academic programs for public sector institutions and to make recommendations regarding new or significantly amended programs at independent institutions. In addition, SBHE had the power to authorize new degrees at all public independent institutions and could establish policies for the transfer of students between institutions. SBHE was responsible for developing and maintaining a plan for all postsecondary education, administering the State's program of aid to independent institutions, developing and monitoring the State's desegregation plan for public institutions, preparing a consolidated capital and operating budget for postsecondary education, and making recommendations concerning campus and agency budget requests.

1985 **The Hoblitzell Commission**

The Hoblitzell Commission recommended that each public four-year campus have its own governing board, except the five campuses of the University of Maryland, which should remain under the governance of the University of Maryland Board of Regents. The commission recommended the creation of the Maryland Higher Education Commission (MHEC) as a State-level oversight agency with considerably more authority than the existing State Board for Higher Education. According to the Hoblitzell plan, MHEC would assume the duties of

SBHE, the State Scholarship Board, and the Maryland Higher Education Loan Authority. Although the Hoblitzell plan was not adopted, the State passed legislation creating a stronger statewide coordinating agency and adopting several of the report's recommendations in 1988.

Activities Leading to the 1988 Restructuring of Higher Education

In 1985 the State's public institutions were governed by four boards with little coordination at the statewide level. There was a sense that the individual institutions had failed to adopt differentiated missions and were trying to be all things to all students. The University of Maryland College Park had not achieved world-class status as a research university. In the Baltimore area, there were multiple institutions with little coordination and no comprehensive research university. As a result, there were concerns about perceived inefficiencies and duplicative programs. There were also concerns about the lack of enrollment by minority students in specific academic fields and concerns about access, retention, and advancement of minority students, especially from the undergraduate to the graduate and professional programs. In addition there were concerns about State funding for higher education and the high tuition rates charged to Maryland's residents.

To address these issues, Governor Hughes appointed a commission chaired by Alan P. Hoblitzell, Jr., a Baltimore bank executive. The Hoblitzell Commission met for 15 months and issued a report in January 1987 which included 42 recommendations. The Hoblitzell report was released in 1987 just as Governor Schaefer took office. After receiving some negative reactions to the Hoblitzell report, Governor Schaefer delayed the issue of restructuring higher education until the 1988 legislative session.

Prior to the 1988 session, Governor Schaefer met with the chancellors and presidents of the four-year institutions to solicit their feedback to the Hoblitzell report and seek their input in restructuring the governance of higher education. Following that meeting, John Toll, President of the University of Maryland, spearheaded a plan to restructure higher education. The "Toll Plan" recommended that all four-year public institutions, including Morgan State University and St. Mary's College, become part of the University of Maryland system. System governance would be the responsibility of the University of Maryland Board of Regents. Each campus in the system would have an advisory board with the powers delegated to it by the Board of Regents. The report proposed abolishing the State Board for Higher Education and creating a coordinating council with significantly weakened authority. The coordinating council would have no staff of its own and almost half of its members would be campus or system administrators. The "Toll Plan" was opposed by institutional officials, faculty members, key legislators, members of the State Board for Higher Education, and the Maryland Independent College and University Association.

In 1988 Governor Schaefer introduced a bill titled "The Administration Action Plan for Higher Education." As introduced, the bill was not the "Toll Plan" nor the Hoblitzell plan, although it contained some provisions modeled after both plans. The Governor's bill was introduced in the Senate and the House during the early days of the legislative session, but did not move until the final weeks. A heavily amended bill passed the General Assembly on Sine Die, the last day of the legislative session, and was signed into law by Governor Schaefer (Chapter 246, Acts of 1988).

The 1988 legislation created a stronger statewide coordinating agency, the Maryland Higher Education Commission. This commission was vested with more authority and responsibility than the existing State Board for Higher Education but without the control as envisioned by the Hoblitzell Commission. The legislation combined 11 of the State's public four-year institutions into the University of Maryland System governed by a single board. Morgan State University and St. Mary's College retained their independent governing boards.

The legislation contained a statewide vision for higher education which was titled the Maryland Charter for Higher Education. That vision included a highly coordinated system with institutional and segmental collaboration which would be accomplished through the development of missions and a strong performance accountability component. The legislation included a focus on the following initiatives:

- enhancing the historically black colleges and universities, including the enhancement of Morgan State University as the State's Public Urban Institution;
- promoting the University of Maryland College Park as the flagship institution;
- maintaining and developing a research center in the Baltimore area;
- establishing a goal to increase State financial support for higher education;
- encouraging and supporting high quality undergraduate and teacher preparation programs;
- promoting excellence at each campus;
- recruiting and retaining nationally and internationally prominent faculty;
- promoting economic development;
- stimulating outreach to the community and the State;
- encouraging collaboration among segments and institutions of higher education;
- promoting access for economically disadvantaged students;
- increasing access, retention, and advancement of African-American students; and
- promoting equal educational and employment opportunities.

Highlights of the 1988 Legislation

Maryland Charter for Higher Education

As part of the 1988 legislation, the Maryland Charter for Higher Education was adopted. This charter establishes the role of each governing unit in the higher education system and includes six guiding principles: (1) quality; (2) accessibility; (3) diversity of educational opportunities; (4) adequacy of State financial support; (5) efficiency and effectiveness of management; and (6) capability and creativity in leadership.

Establishment of the Maryland Higher Education Commission

The State Board for Higher Education (SBHE) was dissolved and a stronger statewide coordinating authority called the Maryland Higher Education Commission (MHEC) was created. In addition, the State Scholarship Board was dissolved and these responsibilities were transferred to MHEC.

In accordance with the 1988 legislation, MHEC is comprised of 11 members appointed by the Governor, with the advice and consent of the Senate. The Governor designates a chairperson of the Commission and appoints a Secretary of Higher Education, from a list of names submitted by MHEC. The Secretary is a member of the Governor's Executive Council and directs the staff for the commission.

With the passage of the legislation, MHEC absorbed the powers and duties formerly performed by SBHE including issuing certificates of approval, coordinating overall growth and development of higher education, performing research, and retaining records. In addition, MHEC was given the following responsibilities:

- reviewing and granting final approval for each institution's mission statement to ensure consistency with the Charter;
- coordinating the State's program of performance accountability reporting;
- assessing the adequacy of operating and capital funding for public higher education;
- developing a program of desegregation and equal educational opportunity, including developing an enhancement plan for the historically black institutions; and
- administering statewide programs for student financial assistance.

Governance Structure for the Four-Year Public Institutions

The Board of Trustees of the State Universities and Colleges was dissolved and the six institutions formerly governed by this board were consolidated with the five campuses of the University of Maryland to be governed by the University of Maryland System Board of Regents. Morgan State University and St. Mary's College remained independent, governed by their existing governing boards.

The University of Maryland Board of Regents was created as a 17-member board consisting of 16 members appointed by the Governor, with the advice and consent of the Senate, and the State Secretary of Agriculture as an ex officio member. The Board of Regents elects a Chairperson from among its membership, appoints a Chancellor of the University of Maryland System, and selects the presidents of each constituent institution. The Chancellor is the Chief Executive Officer of the University of Maryland System and staff to the Board of Regents. The Chancellor is responsible for conducting systemwide planning, coordinating and arbitrating among institutions, providing technical assistance, and assisting the institutions in achieving their goals.

Each institution within the University System of Maryland was granted the authority to establish an institutional advisory board to assist the president. These boards are currently known as the boards of visitors. In addition the Board of Regents was granted the authority to establish the following four councils: (1) Council of University System Presidents; (2) Council of University System Faculty; (3) Council of University System Staff; and (4) University System Student Council. These councils serve in an advisory capacity to the Chancellor and may, from time to time, make reports and recommendations to the Boards of Regents.

The governing boards (including the USM Board of Regents, St. Mary's College Board of Trustees, and Morgan State University Board of Regents) are responsible for setting education policy; adopting mission statements; setting goals; establishing guidelines for tuition, fees, and admissions; and evaluating and approving budget submissions.

The responsibilities of the University of Maryland System include:

- promoting excellence at each campus;
- developing a mission statement for each campus;
- recruiting and retaining nationally and internationally prominent faculty;
- pursuing research funding and private support;
- promoting economic development;
- maintaining and enhancing the University of Maryland College Park as the flagship campus;

- maintaining and enhancing a coordinated higher education center for research and graduate studies in the Baltimore area;
- recognizing the need to enhance its historically black institutions;
- affirming the need for increased access for economically-disadvantaged and minority students,
- encouraging and supporting high quality undergraduate and teacher preparation programs, and
- stimulating outreach to the community.

The powers of the System's institutional presidents include:

- developing institutional missions and goals;
- developing new academic programs;
- formulating budget requests;
- fixing salaries;
- establishing admission standards;
- setting tuition and fees; and
- administering financial aid programs.

Morgan State University was declared the State's public urban university with a mission of instruction, research, and service. The university is to offer graduate and undergraduate degrees with an emphasis on education that addresses urban concerns. The institution's Board of Regents must develop a plan, in consultation with MHEC, that implements its mission as the State's public urban university.

Governance Structure for the Community Colleges

The governance of the State's community colleges remained under the State Board for Community Colleges which was charged with promoting and coordinating community colleges on a statewide basis.

Funding Goals in the 1988 Legislation

A major component of the 1988 legislation was a commitment of additional State support for higher education. In fiscal 1990 the Governor was required to include funding in the budget in a specified amount for each institution based on the fiscal 1989 SBHE guidelines. Future State support was to be based on funding guidelines developed by MHEC. These guidelines were to be based on comparisons with a set of peer institutions approved by MHEC. The State established a goal of funding public higher education institutions at 100% of the guidelines developed by MHEC. In addition the legislation provided that the funding proposals for public four-year institutions must include a funding base which reflects the mission of the institution and include special initiative funding for academic programs at historically black institutions; and rewards for academic innovation and enhancement. Finally, a revised community college funding formula was enacted making the colleges less vulnerable to changes in enrollment.

Other Funding Changes

The legislation included other changes which affected higher education funding. Auxiliary bonding authority was granted to University of Maryland System, Morgan State University, and St. Mary's College; a new loan assistance repayment program was established for certain graduates who become employed by the State, a local government, or a tax-exempt not-for-profit organization; and funding was enhanced for several scholarship programs.

Changes to the Governance Structure of Higher Education Since 1988

In 1991 the State Board of Community Colleges was abolished and the Maryland Higher Education Commission (MHEC) was given authority to oversee the coordination of community colleges. Also in 1991 the Scholarship Reform Act restructured the financial aid programs offered by the State. This legislation established the Educational Excellence Award Program replacing the General State Scholarship Program in fiscal 1996. Under the new program, financial need is considered without regard to the legislative district or national test scores of recipients. The legislation also created a part-time grant program for math and science students and consolidated five existing manpower programs under one umbrella program called Economic Development Student Assistance Grants.

In 1992 St. Mary's College was granted significant authority over the management of its budget as well as its personnel and procurement systems. The following year, the General Assembly granted St. Mary's College and the University of Maryland System additional authority to manage their capital expenditures programs.

In 1994 legislation was enacted requiring each institution's boards of visitors to submit an annual report assessing the progress of its institution in meeting the goals consistent with its mission. The Board of Visitors of the University of Maryland College Park was also required to report on its progress toward meeting its goal of becoming the State's flagship campus. Also in 1994 Morgan State University was granted additional authority in the areas of personnel management and procurement similar to that which was granted to St. Mary's College and the Maryland Higher Education Loan Authority was abolished and these duties were transferred to MHEC.

In 1995 Morgan State University and the University of Maryland System were granted additional flexibility in meeting the staffing needs of these institutions by allowing each institution to create additional positions as long as the positions were funded using existing funds and do not exceed a cap specified annually in the State budget.

In 1996 the Higher Education Business Partnership Program was created requiring the public senior higher education institutions to enter into agreements with business entities for cooperative arrangements for work study, sponsored research, and sponsored business-specific training.

In 1997 the University of Maryland System was renamed the University System of Maryland. In addition, several constituent institutions were renamed. An organizational chart of the University System of Maryland is included as Appendix 3, and a map illustrating the location of its 13 campuses is included as Appendix 4. Appendix 5 provides a chronological summary of Maryland's four-year public institutions. In addition, an organizational chart of postsecondary education is included as Appendix 6.

Historical Perspective on Funding and Enrollment Trends at the University System of Maryland

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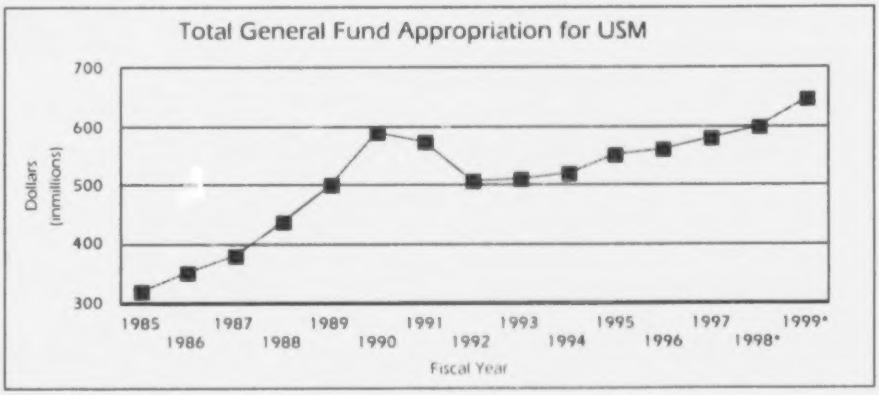
State General Fund Support for the University System of Maryland

Strong State revenues supported substantial increases in general fund support for the University System of Maryland (USM) from fiscal 1985 through 1990, averaging 13.1% per year. Much of this increase is the result of additional funds dedicated to USM beginning in fiscal 1989 following the 1988 legislation restructuring higher education. Fiscal 1990 marked the greatest funding increase of 17.8 %, or $89.4 million. The fiscal 1991 appropriation reflected the effects of a nationwide economic downturn. The resulting fiscal crisis decreased the general fund appropriation to USM and throughout State government. The largest decline was in fiscal 1992 when the State appropriation to USM fell 11.7%, or $67.1 million, from the 1991 appropriation.

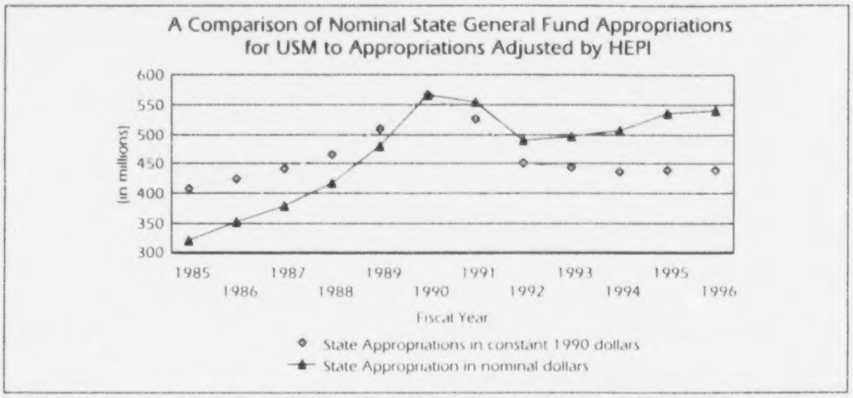
Gradual improvement in the State's fiscal condition resulted in modest funding gains beginning in fiscal 1993. The increase in State support averaged only 3.6% between fiscal 1993 and 1999. As a result of this modest growth, fiscal 1998 marked the first year that the general fund appropriation to USM exceeded the fiscal 1990 funding level, before adjusting for inflation. The fiscal 1999 general fund appropriation is $648 million, 7.9% higher than fiscal 1998. The overall average growth rate has been 5.4% from fiscal 1985 to 1999.



*Based on the legislative appropriation

Source: Maryland State Budget, Fiscal Years 1987 - 1999
Prepared by: Department of Legislative Services

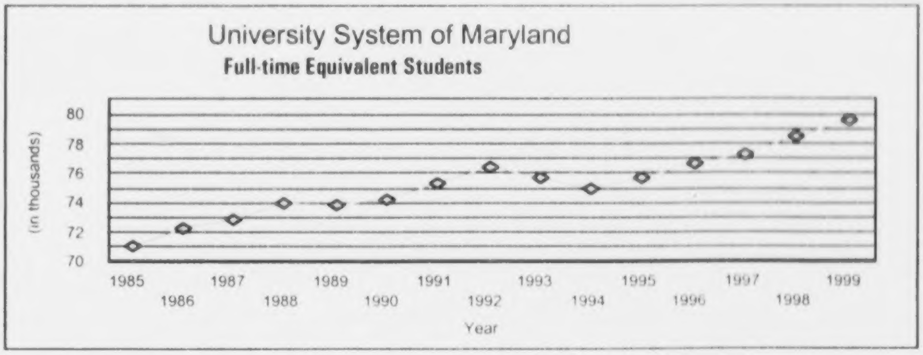
Although funding for USM has returned to its fiscal 1989 level in nominal dollars, in constant dollars, as measured by the Higher Education Price Index (HEPI), funding in fiscal 1996 (the most recent year for which HEPI is available) was $26 million below the 1988 level. HEPI is a means of measuring cost-of-living changes in schools, universities, and libraries. The following chart illustrates nominal State general fund appropriations to USM against constant dollars using 1990 as the base for determining inflation-adjusted dollars.


A Comparison of Nominal State General Fund Appropriations for USM to Appropriations Adjusted by HEPI

Note: Fiscal 1990 was used as the base for determining inflation-adjusted dollars. The fiscal 1997 and 1998 inflation rates have not been determined for HEPI.
Source: Research Associates of Washington

Enrollment Trends

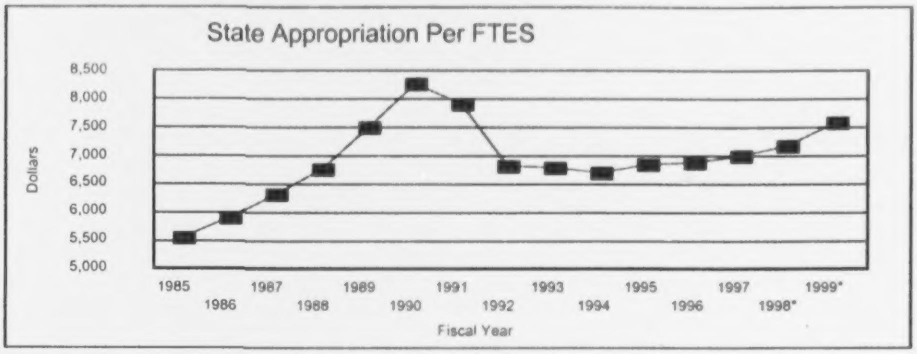
Enrollment at USM schools grew at an average pace of 0.8% per year between fiscal 1985 and 1999. In three of those years, fiscal 1989, 1993, and 1994, the number of full-time equivalent students (FTES) declined slightly. In fiscal 1999 there were 79,644 FTES enrolled at USM institutions. Enrollment at USM is expected to increase by 1.2% in fiscal 2000.


University System of Maryland
Full-time Equivalent Students

Source: University System of Maryland
Prepared by: Department of Legislative Services

State General Fund Support Per FTES

State support continued to rise between 1988 and 1990 while enrollment growth appeared to stabilize. Since 1992 steady increases in State support coincided with steady increases in enrollment growth. During this period, State support grew an average of 3.1% while enrollment grew an average of 0.8%. As a result, the trend in State general fund support per FTES is similar to the trend in total support for the System.



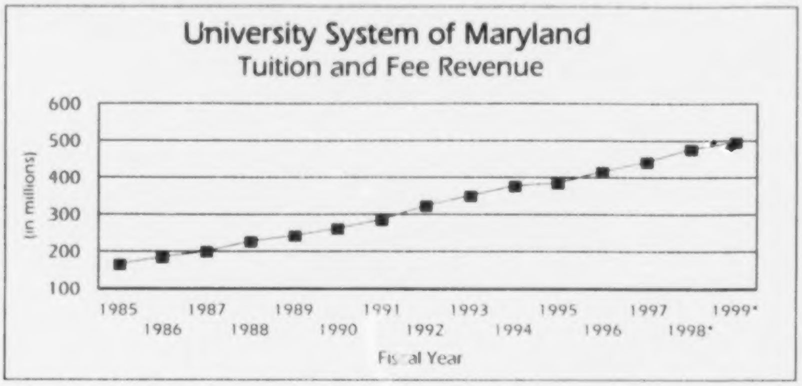
*Based on the legislative appropriation

Source: Maryland State Budget. Fiscal Years 1987 - 1999
Prepared by: Department of Legislative Services

Tuition and Fee Revenue

The USM Board of Regents adopted its current tuition policy in June 1993. According to that policy, annual tuition increases at USM schools are to be based on the projected Consumer Price Index (CPI) and other indices. However, the presidents may recommend exceptions to this normal increase when there is a need for additional revenue for enhancements, initiatives approved by the Board of Regents, or market factors, including enrollment applications and tuition at comparable institutions. Recommendations for increases must be coupled with cost-containment strategies. According to a policy adopted by the Board of Regents, the tuition paid by non-resident undergraduates must reflect the full cost of education, calculated as total education and general costs divided by the number of FTES. Additionally, resident undergraduate tuition for each institution should range between 30% and 45% of the cost of education. In 1998 the Board of Regents elected to limit tuition rate increases at USM institutions to no more than 4% for fiscal 1999 through 2002.

From fiscal 1985 to 1999, total tuition and fee revenue rose at an average annual rate of 8.1%. The greatest increases occurred following the 1990 recession as institutions tried to offset decreases in State appropriations. From fiscal 1991 to 1993, tuition and fee revenue rose at an average rate of 10.0% and have tapered off to an average annual increase of 6.1% since.



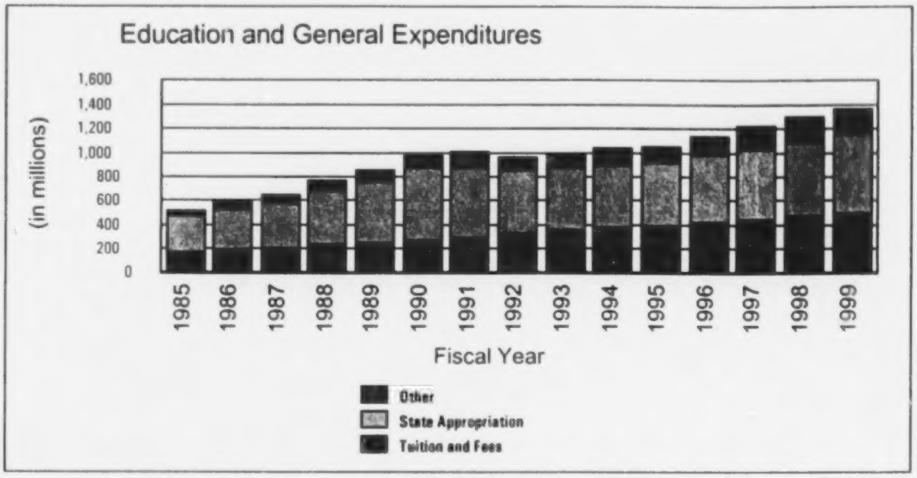
*Based on the legislative appropriation

Source: Maryland State Budget. Fiscal Years 1987 - 1999
Prepared by: Department of Legislative Services

Education and General Expenditures

Education and general (E&G) expenditures consist of current unrestricted funds less auxiliary expenditures. They are used to show how much institutions spend on educating students and providing the necessary resources to support the institution. E&G expenditures rose from $499 million in fiscal 1985 to $ 1.3 billion in fiscal 1999, an average annual rate of 7.3%. The greatest period of change occurred between fiscal 1985 and fiscal 1990 when expenditures rose at an average rate of 12.7% per year. The largest single increase occurred in fiscal 1986, at 18.4%. During the recession, when State general fund support declined, expenditure increases dropped off to an average of 1.1% between fiscal 1991 and 1993, including a decrease of 3.6% in fiscal 1992. The fiscal 1991 expenditure level was not reached again until fiscal 1994, when it surpassed $ 1.0 billion. Since fiscal 1994, the average rate of increase has been 5.9% per year.

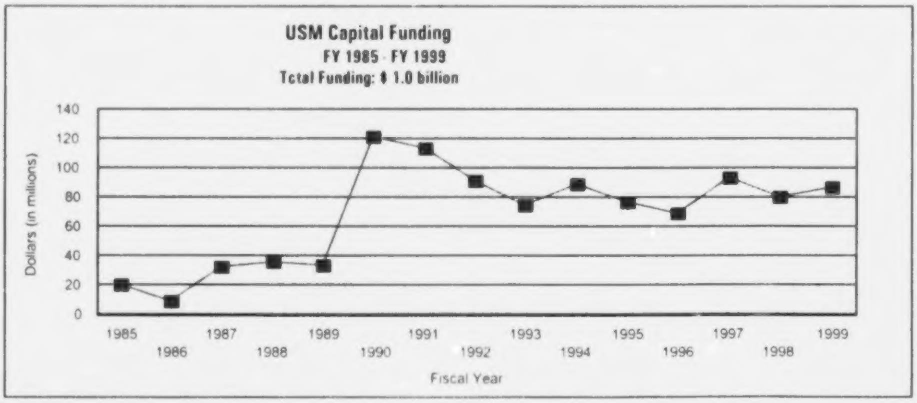
E&G expenditures are supported by State general fund support, tuition and fee revenue and other revenues (these include federal grants and contracts, State and local grants and contracts, and sales and services of educational activities). Trends within each of these areas is displayed in the chart below.



Source: Maryland State Budget, Fiscal Years 1987-1999
Prepared by: Department of Legislative Services October 1998

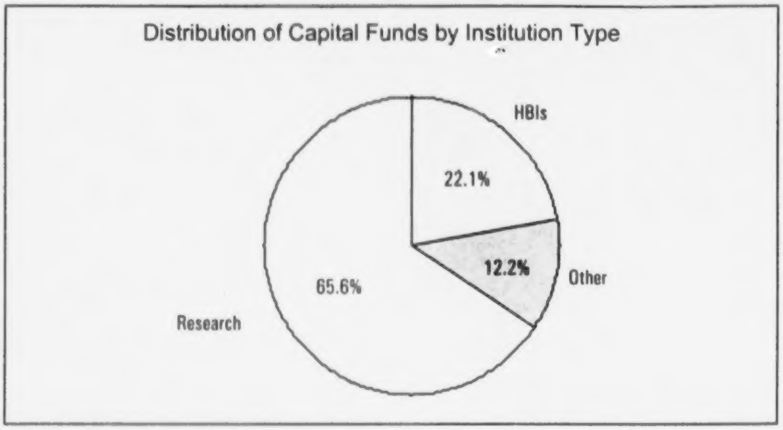
Capital Funding

Since fiscal 1985, the State has authorized $1.0 billion for capital projects at USM institutions. The lowest level of funding was in fiscal 1986 at $ 9.5 million and the highest level was in 1990 at $144 million. This increase can be attributed to the enactment of Education Article Title 19 which gave USM the authority to issue bonds for student academic activities. Annual capital authorizations between fiscal 1992 and 1999 have remained relatively constant, averaging $83 million per year.



Sources: Capital Improvements Authorized by the General Assembly 1993 through 1997, The Sine Die Report 1997 Session, and The 90 Day Report 1998 Session.

The pie chart shows the distribution of capital funds for all four-year public institutions (USM institutions, Morgan State University, and St. Mary's College) by type of institution. Between fiscal 1985 and 1999, research institutions have accounted for $747 million, or 65.6%, of capital funding. HBIs received 22.1% (Morgan State accounting for 57%), and the comprehensive institutions received the remaining 12.2%.


Distribution of Capital Funds by Institution Type

This chart excludes $62.4 million in facilities renewal projects for the University System of Maryland Headquarters

Sources: Capital Improvements Authorized by the General Assembly 1993 through 1997, The Sine Die Report 1997 Session, and The 90 Day Report 1998 Session.

Research Institutions: University of Maryland, Baltimore, University of Maryland, College Park, University of Maryland Baltimore County, University of Maryland Biotechnology Institute, and the University of Maryland Center for Environmental Science

HBIs: Morgan State University, Bowie State University, Coppin State University, and the University of Maryland Eastern Shore

Comprehensive Institutions: Towson University, Frostburg State University, Salisbury State University, and the University of Baltimore.

Description of USM Constituent Institutions

Bowie State University

Bowie State University is a regional comprehensive university offering a broad array of baccalaureate programs, including business, education, social work, nursing, computer fields, and selected professionally-oriented master's programs. It serves both commuting and residential students, as well as a large number of adult learners. As the oldest historically African-American institution in Maryland, the university places special emphasis on excellence in teaching, while meeting the education needs of south-central Maryland from its campus located in Prince George's County.

Bowie's undergraduate programs are designed to serve the top one-half of recent high school graduates from Maryland and nearby states. Selected students not in the top one-half of their class, who demonstrate leadership qualities, academic potential, and the motivation for learning, may be accepted and guided toward the achievement of their goals.

The legislative appropriation for Bowie State University in fiscal 1999 is $45.1 million, including $15.8 million in general funds. According to budgeted enrollment figures, Bowie will serve 3,609 full-time equivalent students in fiscal 1999.

Coppin State College

Coppin State College is a historically African-American institution focusing on the needs of minority and economically disadvantaged students from Baltimore City. The college offers selected baccalaureate and master's programs in the liberal arts and sciences and selected professionals, while enhancing its strong mission of service to the community and continuing dedication to the training of teachers. Coppin's philosophy of admission is to assist students with a broad range of academic preparation and abilities to fulfill their potential and become successful.

Coppin's mission is to collaborate with public service agencies; to encourage faculty, staff, and students to participate in public service endeavors involving residents of Baltimore's central city; and to work closely with community organizations to assess the needs of the community. In particular Coppin works closely with the Baltimore City public schools to provide teacher preparation programs, graduates a significant number of teachers and administrators who are employed by the schools, and provides technical assistance. In addition Coppin has interactive affiliations with a variety of health, social welfare, and private agencies.

The legislative appropriation for Coppin State College in fiscal 1999 is $38.6 million, including $14.5 million in general funds. According to budgeted enrollment figures, Coppin will serve 2,981 full-time equivalent students in fiscal 1999.

Frostburg State University

Frostburg State University is a regional, largely residential, comprehensive university serving as an educational and cultural center for Western Maryland. Drawing primarily from Allegany, Garrett, Washington, and Frederick counties, the university also attracts students from across Maryland and nearby states, inviting applications from students whose prior academic achievement ranks them in the top one-third of their high school or community college class.

Academic programs emanate from a strong liberal arts foundation, offering baccalaureate and master's level programs in response to regional and State needs. Degree programs emphasize education, business, environmental studies, and the creative and performing arts. Excellence in teaching, a core value at the university, is achieved through the university's undergraduate and graduate programs.

The legislative appropriation for Frostburg State University in fiscal 1999 is $58.5 million, including $21.7 million in general funds. According to budgeted enrollment figures, Frostburg will serve 4,360 full-time equivalent students in fiscal 1999.

Salisbury State University

Salisbury State University provides a traditional liberal arts and sciences curriculum as well as undergraduate and graduate, pre-professional, and professional programs for teachers, administrators, and business leaders on Maryland's Eastern Shore. Salisbury organizes all of its teaching, research, and service activities around seven mission goals: development of critical thinking skills, comprehensive general education, conscientious citizenship, preparation for careers and advanced study, graduate education, pursuit of total health, and service to the community.

Although Salisbury emphasizes undergraduate education, it is a major provider of graduate education to teachers in the Delmarva region. Baccalaureate and master's degree programs are built upon the arts and sciences and the professional fields of business, education, and nursing. Salisbury students are predominantly traditional high school graduates, many of whom come from the nine counties on the Eastern Shore of Maryland.

The university engages in a variety of cooperative efforts across the University System of Maryland, including dual-degree programs with the University of Maryland Eastern Shore and the University of Maryland, College Park, College of Engineering, and a joint-degree program with the University of Baltimore Law School.

The legislative appropriation for Salisbury State University in fiscal 1999 is $65.1 million, including $22.2 million in general funds. According to budgeted enrollment figures, Salisbury will serve 4,940 full-time equivalent students in fiscal 1999.

Towson University

Towson University, located in Baltimore County, is the largest residential institution within the Baltimore metropolitan region. The university serves traditional age, commuting, and residential students from Maryland as well as students from adjoining mid-Atlantic and northeastern states. Programs and services are oriented toward students ranking in the top one-third of high school graduates or mature adult learners.

Academic programs cover a comprehensive range of baccalaureate programs in the liberal arts and sciences, communications, and selected programs in allied health, business, the fine and performing arts, writing, and women's studies. Master's programs, developed in response to community needs, focus on education, the arts, and applied professional fields.

The university will play a crucial role for public higher education over the next decade by absorbing the largest numbers of new full-time and part-time undergraduates seeking educational opportunities within USM. At the same time, Towson University aspires to enhance selected programmatic areas in undergraduate and graduate education, seek national accreditation in certain programs, continue the assimilation of new information resources technologies, and become a partner in fostering the region's economic and social development.

The legislative appropriation for Towson University in fiscal 1999 is $176.5 million, including $51.2 million in general funds. According to budgeted enrollment figures, Towson will serve 12,000 full-time equivalent students in fiscal 1999.

University of Baltimore

The University of Baltimore emphasizes career-oriented educational programs in the study of law, business, public administration, and related professional applications of the liberal arts at the graduate and advanced undergraduate levels. The university is located in the Mt. Vernon/Mt. Royal neighborhood of Baltimore, and attracts students with clear professional objectives. The student body is a mix of full- and part-time, day and evening, and traditional and returning students, reflecting the racial and ethnic diversity of the metropolitan region. The undergraduate program is primarily upper division.

While both basic and applied research are encouraged and supported at the university, applications-oriented research is emphasized. For example, economic and policy analysis is provided as a public service by faculty at such centers as the Schaefer Center for Public Policy and the Jacob France Center for Business and Economic Studies; examination of values in professional settings is conducted by the Hoffberger Center for Professional Ethics; and analyses of Maryland and national legal issues is conducted by the law faculty.

The legislative appropriation for University of Baltimore in fiscal 1999 is $48.9 million, including $20.8 million in general funds. According to budgeted enrollment figures, the university will serve 2,935 full-time equivalent students in fiscal 1999.

University of Maryland, Baltimore

Located in downtown Baltimore, the University of Maryland, Baltimore houses the professional schools of dentistry, law, medicine, nursing, pharmacy, and social work. Along with its three major partners (the University of Maryland Medical System, the Veterans Administration Medical Center, and the Medical Biotechnology Center), the university is one of the fastest growing biomedical research centers in the nation.

Academic program emphasis includes baccalaureate, master's, doctoral, and first professional degree programs within its major programs of health professions, applied health, biomedical science and technology, social work, and law. Most of the university's programs are designed for full-time students. However, the Schools of Law, Nursing, and Social Work and the Graduate School have significant numbers of part-time students. The School of Nursing offers programs that enable nurses in educationally-under-served areas to earn both undergraduate and graduate degrees at numerous outreach sites throughout the State.

The campus is a source of basic health information, screening, and legal and social services for citizens of Maryland, including visits to the legal and dental clinics and community outreach services; calls to the Maryland Poison Control Center; and outpatient and inpatient visits to the various health care practices, the University of Maryland Medical System, and the Veterans Administration Medical Center. The university actively encourages its faculty, staff, and students to volunteer their services in the community surrounding the urban campus.

The legislative appropriation for the University of Maryland, Baltimore in fiscal 1999 is $427.3 million, including $116.1 million in general funds. According to budgeted enrollment figures, the university will serve 5,127 full-time equivalent students in fiscal 1999.

University of Maryland Baltimore County

The University of Maryland Baltimore County (UMBC) is a mid-sized research and doctoral-level university serving the greater Baltimore region. UMBC offers a complement of focused master's and doctoral programs closely linked to a moderate range of undergraduate programs in the arts and sciences and engineering, while encouraging undergraduate participation in research projects. UMBC also seeks to transfer benefits of faculty research to the public and industry through its research park, incubator, and technology transfer programs. As declared in its alumni magazine, UMBC aspires to be the best public research university of its size in the nation, distinguished by a deep commitment to the educational experience of its undergraduates.

The majority of UMBC students come from the greater Baltimore region, including Baltimore City and Baltimore, Howard, Anne Arundel, Carroll, and Harford counties. UMBC is enrolling increasing numbers of students from other areas of Maryland, other states, and foreign countries. The campus pays special attention to the needs of non-traditional, evening, and part-time students. Well-qualified students are recruited through special scholarship initiatives such as the Humanities Scholarship Program and the Meyerhoff Scholarship Program for talented high school graduates, many of them African-American students, interested in science and engineering.

The legislative appropriation for the University of Maryland Baltimore County in fiscal 1999 is $178.4 million, including $50.9 million in general funds. According to budgeted enrollment figures, the university will serve 7,593 full-time equivalent students in fiscal 1999.

University of Maryland, College Park

The University of Maryland, College Park, the flagship institution of the University System of Maryland, aspires to become one of the nation's preeminent public research universities within the next decade. As the largest public research university and the original land grant institution in Maryland, College Park has the responsibility within USM for serving as the State's primary center for graduate students, research, and service to all regions of the State.

The university admits to its undergraduate programs highly qualified students from all parts of Maryland, other states, and around the world. It recruits graduate students both nationally and internationally. Through its research programs, College Park advances knowledge for the benefits of the State, the nation, and the world. A primary source of support for sponsored research is the federal government, with the National Aeronautic and Space Administration; the National Science Foundation; and the U.S. Departments of Agriculture, Defense, and Energy providing the largest shares.

Academic program emphases include baccalaureate, master's, and doctoral degrees in the liberal arts and sciences, social sciences, the arts, applied areas, and in selected professional fields. The university offers certificates in selected upper-level and graduate courses of study and provides university honors, scholars, and departmental honors programs. Priority academic programs include the core arts and sciences, engineering, business, journalism, environmental sciences, public policy, and international affairs.

The legislative appropriation for the University of Maryland, College Park in fiscal 1999 is $810.0 million, including $273.9 million in general funds. According to budgeted enrollment figures, the university will serve 25,320 full-time equivalent students in fiscal 1999.

University of Maryland Eastern Shore

The University of Maryland Eastern Shore (UMES) is the only research and doctoral degree-granting institution of the University System of Maryland on the Eastern Shore. As a historically African-American land-grant university, UMES promotes the philosophy of the land-grant tradition, which is to make educational opportunities available to all, regardless of race, gender, creed, or socio-economic status. The university emphasizes selected baccalaureate programs in the liberal arts and sciences and career fields with particular relevance to the Eastern Shore and its land-grant mandate, offering programs at the master's and doctoral levels. The distinctive academic emphases at UMES are agricultural, environment and marine sciences, hospitality, technology, computer sciences, business, and allied health. Research priorities are in areas consistent with the needs of the region and the State.

The students served by the instructional program come from across the State of Maryland, over 30 other states, and over 50 foreign countries. More than 22 percent of the undergraduate enrollment comes from the tri-county area of Somerset, Wicomico, and Worcester counties.

In keeping with the university's mission, UMES provides programs to other constituencies through inter-agency agreements and contracts with government and educational agencies, businesses, and industries.

The legislative appropriation for the University of Maryland Eastern Shore in fiscal 1999 is $55.9 million, including $18.4 million in general funds. According to budgeted enrollment figures, the university will serve 3,031 full-time equivalent students in fiscal 1999.

University of Maryland University College

University of Maryland University College (UMUC) aspires to be an international leader in providing educational programs and services responsive to the career and personal goals of adults, most of whom have job or family commitments and wish to study part-time. UMUC specializes in providing access to public higher education for Maryland's adult learners through traditional and innovative instruction and delivery of bachelor's and master's degree programs, non-credit professional development programs, and conference services.

In addition UMUC provides for statewide brokering of University System of Maryland programs for part-time adult students at off-campus sites on an as-needed basis. UMUC conducts courses at more than 20 locations throughout the State and in the Washington metropolitan area and offers special programs in other states. Overseas, UMUC offers degree programs for U.S. service members and their families, U.S. citizens, and international students. Associate degree programs are offered on military bases, primarily overseas. The overseas program accounts for approximately 45 percent of the budget.

Academic program emphasis includes bachelor of arts and bachelor of science degree programs with over 30 areas of specialization. However, the most extensive offerings are in business and management and computer studies. Master's degrees are offered in management and technology areas that, like the bachelor's degree concentrations, represent fields in which there is a present or anticipated demand for trained professionals. UMUC also offers a non-credit professional development program that emphasizes management and executive development. The college has a major role in renewing and upgrading the experienced workforce.

The legislative appropriation for the University of Maryland University College in fiscal 1999 is $122.6 million, including $7.4 million in general funds. According to budgeted enrollment figures, the university will serve 6,798 full-time equivalent students in fiscal 1999.

University of Maryland Biotechnology Institute

The University of Maryland Biotechnology Institute (UMBI) is a center of intensive study in the science of biotechnology and its application to human health, the marine environment, agriculture, and protein engineering/structural biology. UMBI encourages interested parties from academe, industry, and the government to consider scientific collaboration; companies may tap UMBI developments by becoming industrial affiliates, assigning staff to work in collaboration with UMBI scientists, or establishing cooperative research and development agreements. Companies may also jointly sponsor specific projects with UMBI. Established in 1985 by the State of Maryland, UMBI's five centers (listed below) conduct research, provide training, and offer expertise to advance the State's scientific and economic development efforts.

- Center for Advanced Research in Biotechnology (CARB), at Shady Grove: conducts research in protein engineering, structure, and function and provides advanced technical capabilities to the biotechnology industry.
- Center of Marine Biotechnology (COMB), in Baltimore City: applies research on the molecular biology and molecular genetics to improve methods of seafood production; develop new marine-based compounds and pharmaceuticals; advance medical diagnostic test methods; assist industrial application of microbial products; and implement novel techniques for environmental clean-up and biofilm prevention.
- Medical Biotechnology Center (MBC), in Baltimore City: conducts research programs directed toward health-related aspects of biotechnology at the basic, applied, and clinical levels, focusing on molecular medicine, including gene therapy, antisense therapy, molecular neurobiology, and molecular genetics; and Biomedical Photonics/Molecular Cell Signaling.
- Center for Agricultural Biotechnology (CAB), at the University of Maryland, College Park campus: conducts research in molecular biology and bioprocess development with relevance to fundamental problems of practical significance to agriculture, industry, and the environment.
- Institute of Human Virology, in the City of Baltimore, is the first research institute in the U.S. to combine the disciplines of basic research, epidemiology, and clinical research toward the discovery of diagnostics and therapeutics in human virology.

In addition, the Maryland Sea Grant College coordinates USM research efforts associated with the U.S. Department of Commerce's National Oceanic and Atmospheric Administration and the Center for Public Issues in Biotechnology addresses biotechnology issues of public concern including scientific integrity and management of intellectual property.

The legislative appropriation for the University of Maryland Biotechnology Institute in fiscal 1999 is $32.4 million, including $18.9 million in general funds.

University of Maryland Center for Environmental Science

The University of Maryland Center for Environmental Science (UMCES) is a research institution for environmental studies incorporating three geographically distinct laboratory units under a single administration: the Appalachian Laboratory at Frostburg; Chesapeake Biological Laboratory at Solomons; and Horn Point Laboratory at Cambridge.

UMCES primarily focuses its research on the watersheds, estuaries, and coastal areas of the State of Maryland and the greater Chesapeake Bay region. Each of the three UMCES laboratories serves as a regional center offering education programs about natural sciences to teachers and students from K-12 schools, environmental interest groups, and institutions within and beyond the University System of Maryland that are concerned with environmental research, education, and services. UMCES provides advisory services to local Chesapeake Bay industries and is also the principal source of independent scientific information on environmental matters for Maryland's lawmakers, State agencies, and regional industries.

The center's mission is to conduct a comprehensive program to develop and apply predictive ecology for Maryland for the improvement and preservation of the physical environment. While UMCES does not grant degrees, its faculty members contribute to graduate education by advising, teaching, and supervising the research of students enrolled in the systemwide Marine-Estuarine-Environmental Sciences program. Additional graduate education activities include cooperative programs in fisheries and wildlife management and toxicology as well as thesis research supervision of individual students enrolled in science departments throughout the United States.

The legislative appropriation for the University of Maryland Center for Environmental Science in fiscal 1999 is $23.1 million, including $9.9 million in general funds.

Status of Implementation of 1988 Legislation

The attached report details the statutory requirements of Chapter 246 of the Acts of 1988 and provides a summary of the progress to date as reported by the Maryland Higher Education Commission (MHEC) and the University System of Maryland (USM). Based on the information submitted, the Department of Legislative Services (DLS) notes the following discrepancies in fulfilling the requirements of the 1988 Act.

- MHEC is required to develop and periodically update an overall plan for postsecondary education in the State which is consistent with the Maryland Charter for Higher Education. This plan must include long-range and short-range objectives and priorities for postsecondary education, including methods and guidelines for achieving these objectives. The first statewide plan was approved and disseminated in 1991. A second plan was published in January 1998. However, the implementation tactics for this plan were not approved until October 1998. Although "periodical updates" is not defined in statute, DLS suggests that more frequent updates are desirable to ensure that the industry remains responsive in a dynamic environment.

- Institutional mission statements are to be developed at least every five years. As required, statements were approved in 1989 and 1993. Although MHEC initiated the process in 1998, USM requested a delay due to the creation of the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland. As a compromise, MHEC and USM agreed to start the process in November, 1998.

- MHEC is required to develop a program of desegregation and equal educational opportunity which must include an enhancement plan for the historically black colleges and universities (HBIs). MHEC continues to use its *Plan to Assure Equal Postsecondary Educational Opportunity* as an enhancement plan. However this plan was developed between 1985-1989, prior to the enactment of this Act. Additionally, MHEC articulated specific goals for the enhancement of HBIs in the 1991 and 1998 statewide plans for higher education. However, it is unclear if these goals meet the statutory requirement of a "program" or "enhancement plan." In 1998, MHEC initiated the *Access and Success* program, a plan of action for Maryland's HBIs. However, this action was not taken until the budget committees adopted narrative requiring MHEC to establish a plan. DLS suggests that the statutory requirement to develop a program and enhancement plan was not met until 1998 when the *Access and Success* program was initiated. Additionally, DLS notes that the graduation and retention rates of African American students remains well below other students and requires greater focus.

- The Act required the Chancellor to develop numerous plans to address the following issues:

  - an overall plan to enhance the University of Maryland, College Park;
  - a plan that recognizes the need to enhance the System's HBIs,
  - a plan for coordinating a higher education research and graduate center in the Baltimore area;
  - a plan that supports undergraduate education and teacher preparation;
  - a plan for outreach to community, public schools, business and industry, and government agencies; and
  - a plan that affirms the need for increased access for economically disadvantaged students.

  The Board of Regents have approved an enhancement plan for UMCP, a plan to enhance the HBIs, and a plan to reform teacher education at the USM institutions. It is unclear if the Chancellor has developed plans to address the other four issues identified in statute.

- MHEC must develop funding guidelines to assess the adequacy of operating and capital funding based on comparisons with designated peer institutions and other factors. These guidelines have not been developed. In addition, MHEC is required to submit an annual report that includes the current funding of the adopted sets of peer institutions. This information has not been submitted.

- MHEC must make recommendations annually on the appropriate level of funding for higher education. MHEC has stated that its annual "consolidated budget recommendation" fulfills this requirement. However, DLS suggests that this does not fulfill MHEC's statutory obligation because the "consolidated budget" is not necessarily a recommendation on the "appropriate level of funding," but rather the overall budget allocation approved by the Executive Branch. In addition, MHEC is required to submit an annual report that includes recommendations regarding the funding of higher education. This information has not been submitted.

- MHEC's funding proposals for public senior higher education institutions must include special initiative funding for academic programs at HBIs. In 1992, MHEC requested enhancement plans from the four HBIs. The plans submitted by the HBIs included requests for additional general fund support for special initiatives. However, additional funding was not requested in MHEC's "consolidated budget recommendation" due to the economic recession. In response to a directive from the joint budget committees, MHEC proposed special initiative funding for HBIs in 1998 as part of the *Access and Success* program. DLS interprets the statute to require MHEC to include special initiative funding for academic programs at HBIs in its annual proposal for funding public senior higher education. It is possible that special initiative funding may not be included in MHEC's "consolidated budget recommendation." However, this special initiative funding should be included in MHEC's proposal on the "appropriate level of funding."

Major Requirements Related to Chapter 246 of 1988 and Progress Made to Date by MHEC and USM

Definitions of terms used:

Charter: The Maryland Charter for Higher Education is Title 10, Subtitle 2 of the Education Article. The charter is a statement of policy for higher education in Maryland. In general, it sets out six guiding principles for public higher education in Maryland and sets policy guidelines for public and nonpublic institutions of higher education.

Institution of postsecondary education: a school or other institution that offers an educational program in the State for individuals who are at least 16 years old and who have graduated from or left elementary or secondary schools [§10-101(f)(1)].

Institution of higher education: an institution of postsecondary education that generally limits enrollment to graduates of secondary schools, and awards degrees at either the associate, baccalaureate, or graduate level [§10-101(g)].

Public senior higher education institution: the constituent institutions of the University System of Maryland, Morgan State University, and St. Mary's College of Maryland [§10-101(j)].

State Board for Community Colleges: the coordinating body for community colleges which was abolished in 1991. At that time, MHEC was given responsibility to oversee the coordination of community colleges.

Concept:	Details and Statutory Requirements:	Progress as Reported by MHEC:	Progress as Reported by USM:
Vision, Mission, and Plans:			
Develop a statewide plan for higher education.	MHEC shall conduct statewide planning for higher education [§10-207(2)]. MHEC shall coordinate the overall growth and development of postsecondary education in the State [§11-105(b)(1)]. In consultation with the governing boards and agencies concerned with postsecondary education in the State, MHEC shall develop and periodically update an overall plan consistent with the Charter that shall identify: 1) present and future needs for postsecondary education and research throughout the State; 2) present and future capabilities of the different institutions and segments of postsecondary education in the State; and 3) long-range and short-range objectives and priorities for postsecondary education and methods and guidelines for achieving them [§11-105(b)(2)].	The first statewide plan, *Investing in People, The Maryland Plan for Postsecondary Education*, was approved and disseminated in 1991. This plan was utilized as a blueprint for MHEC's programmatic initiatives until the new plan was written. A document entitled *Trends and Issues* was created in 1996 and disseminated widely across the State to educational constituencies, the business community, and State government leaders. Utilizing input from this document and from information obtained in five statewide public hearings, as well as the results of extensive discussion with the Segment Heads, *Educating for the 21st Century: The Maryland Plan for Postsecondary Education* was approved and published in January 1998, in printed form and through the Internet. Implementation Tactics were developed in consultation with constituencies and were approved in October 1998. Efforts to implement the Plan are already underway for many of the tactics, and implementation of the remainder will begin shortly. The Plan with its tactics are being made available through the MHEC Home Page on the Internet. As specified in statute, the Commission will make a report on progress toward accomplishment of the Plan's goals no later than January 2000.	Board of Regents provided reports as requested.
	MHEC shall submit an annual review of the plan to the Governor and General Assembly by July of each year. The annual review shall include a report on the status and needs of postsecondary education in the State [§11-105(b)(3)]. *(Chapter 662 of 1994 altered the reporting requirements to biennial.)*		

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Develop a USM system-wide plan for higher education	In consultation with the presidents of the constituent institutions, the Chancellor shall develop an overall plan that is consistent with the Statewide Plan for Higher Education in accordance with the Charter and with the mission statements approved by MHEC [§12-106 (a)(1)] The USM Board of Regents shall review, modify as necessary, and approve the overall plan. [§12-106(a)(2)] The USM Board shall submit an annual review of the plan by July 1 of each year to MHEC, the Governor, and the General Assembly [§12-106 (a)(3)] With respect to each institution under its jurisdiction and in consultation with the Chancellor, the USM Board of Regents shall review annually the long-range and short-range plans, goals, and objectives of each constituent institution for consistency with the objectives and priorities of the Board; monitor the progress of each constituent institution toward approved goals and objectives, and hold the president accountable for progress toward the goals and objectives [§12-106(6)] Note: Overall plans were also required to be developed and annually reviewed by Morgan State University [§14-104(j)], St. Mary's College [§14-204(d)], and the State Board of Community Colleges [§16-104(4)]	St. Mary's College has developed an institutional plan consistent with their mission statement and the 1998 Maryland Plan for Postsecondary Education, which is annually reviewed by their Board of Trustees. Morgan State University has created and annually reviews a plan for the development of its programs and facilities	Achieving the Vision I (1992): 10 propositions dealing with quality, productivity, and accountability. Vision II (1992) + streamlined academic programs & administrative functions. Vision III (1995) + established goals of 20% increases in enrollment, productivity and entrepreneurial revenues. Pathways (1998) + created framework for meeting citizens' educational needs in ways convenient to them. Vision III Budget Plan (1998 + 2002) + linked funding to strategic initiatives and set long range internal allocations. Annual reports submitted as required USM included goals and benchmarks for institutions in Vision III. In addition, USM monitors institutional compliance with MHEC's accountability reports (updated annually). BOR Organization and Compensation committee evaluates presidential performance based on achievement of institutional goals. Each institution submits facilities master plans, enrollment projections, annual budget request, accountability and Vision III status reports, and a four-year tuition plan.

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Develop institutional mission statements and objectives for public institutions of higher education (including all 4-year institutions and community colleges)	MHEC shall review, negotiate as necessary, and grant final approval of mission statements for each public institution of higher education [§10-206(4)] MHEC shall review, negotiate as necessary, and approve the appropriate role, function, and mission of each public institution of postsecondary education in the State [§11-105(b)(4)] MHEC shall review the mission statements and approve each if the statement: 1) is consistent with the Charter and the Statewide Plan for Higher Education; 2) will not result in unreasonable duplication of academic programs; and 3) will promote the efficient and effective use of the State's higher education resources [§11-302(c)(1)(2)] If MHEC does not approve the statement it shall return the statement with its objections to the governing board. The governing board shall negotiate with MHEC and amend the statement or direct the president of the institution to prepare a new statement [§11-302(c)(3)] MHEC shall establish the format of mission statements to include at least the following: 1) specific short and long-range goals and measurable objectives to be achieved, including graduation and retention rates and equal opportunity goals; 2) level of academic degrees offered; 3) fields of academic degrees offered; 4) characteristics of students and other populations to be served; 5) characteristics of faculty; 6) list of institutional peers; 7) areas of research activity; and 8) areas of service activity including economic development and services to schools [§11-303]	In consultation with the governing boards and appropriate agencies, the Commission identifies: (1) present and future needs for postsecondary education and research; (2) present and future capabilities of the different institutions and segments of postsecondary education; and (3) long-range and short-range objectives and priorities and methods for achieving them. Consistent with statute, the Commission approved mission statements in both 1989 and 1993. If the Commission does not approve the mission statement, it is returned with objections to the governing board. In early 1998 the Commission initiated the process of mission review once again. A revised format was developed with feedback from the Academic Affairs Advisory Council. Based on the request from the University System of Maryland to delay the process until the recommendations of the Legislative Task Force were completed, the Commission worked with the Board of Regents on a compromise plan postponing the submission of mission statements until November, 1998. It is anticipated that the mission review process will be completed by April 30, 1999	MHEC and USM disagreed on UMUC and UMES mission statements (1992)
	The governing boards of public senior higher education institutions shall set education policy and adopt mission statements, establish goals that are consistent with the roles and missions approved for the institutions, and evaluate and approve short-range and long-range plans [§10-208(1)(2)&(6)]		BOR adopted mission statements in 1993. Regents' Education Policy Committee monitors institutional compliance with existing academic policies and according to annual work plan, reviews and revises those policies (e.g., faculty workload policy)
	The president of each public institution of higher education is responsible for developing a mission statement which shall be submitted to the institution's governing board. Upon the direction of the governing board, the president shall update the mission statement at least every 5 years [§11-302(a)]		Mission statements are initiated by institutional presidents
	The governing board of each public institution (including community colleges) shall review the mission statement, adopt the mission as submitted or as amended, and submit it to MHEC [§11-302(b)].		BOR adopted mission statements in 1993

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Development of mission statements and objectives for USM institutions	USM shall develop a mission for each campus which builds upon the unique strength of the campus and embodies a diversity of programs [§10-209(c)(2)] In the case of USM, the Chancellor shall review the mission statement prior to its consideration by the USM Board of Regents and make recommendations. Before adopting the mission statements, the USM Board of Regents shall review the statements individually and on a systemwide basis to assure that they are consistent with the Charter and the USM overall plan; they will not result in unnecessary duplication of academic programs; and they will promote the efficient and effective use of the institutions' and the system's resources [§11-302(2)(i)(ii)] USM Board of Regents shall consolidate the mission statements into an adopted systemwide statement [§11-302(2)(iii)]. USM Board of Regents shall on an ongoing basis review and determine whether any university programs are inconsistent with the university's mission or whether any constituent institution's programs are inconsistent with that institution's mission [§12-106(b)] Subject to the authority and policies of the USM Board of Regents, each president shall develop a plan of institutional mission, goals, and priorities and a set of peer institutions [§12-109(e)(1)]		BOR adopted mission statements in 1993 Chancellor recommended to the Education Policy Committee mission statements that eliminate duplication and build on institutional strengths. USM adopted a vision of distinct and complementary missions USM established an on-going process of discipline-wide review of existing programs that addresses duplication, consistency with mission, cost and productivity. Disciplines reviewed to date include education, engineering, business, and computer sciences. Each USM institution reviews all of its program offerings on a seven-year cycle. This review is faculty driven and addresses quality aspects. Vision II downsizing was based on the USM program review process. Each institution developed its own strategic plan and list of peer institutions.
Development of mission statement and objectives for community colleges	In the case of community colleges, the Board of Trustees of a community colleges shall submit its mission statement to the State Board for Community Colleges. The State Board shall review each statement, make recommendations, and submit the statement and the recommendations to MHEC [§11-302(b)(3)]. *(This responsibility was transferred to MHEC in 1991.)*	MHEC now reviews mission statements from the community colleges in light of State and local needs and efficient use of State resources.	

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Goals and Objectives:			
Provide enhancements for the historically black institutions	MHEC is responsible for developing a program of desegregation and equal educational opportunity, including developing an enhancement plan for historically black colleges and universities [§11-105(d)(1)(i)]	In 1992, the Commission requested enhancement plans from the State's four historically black institutions. The combined budgets for the three USM HBIs (Bowie State University, Coppin State College, and the University of Maryland Eastern Shore) totaled $77.1 million for a five-year period and included 464 additional faculty and staff. For Morgan State University, the five-year cost of the program was $23.9 million in general funds and between 65 and 77 positions to be added yearly. MHEC created *Access and Success*, a plan for improving the retention and graduation rates at the historically black institutions. The Commission endorsed a targeted multi-year program to fund the plan's initiatives. The governor recommended $2 million in FY 1999 to fund the first year of the grant program; MHEC has requested $2.2 million for FY 2000. The Commission sponsors annually a regional summit on retention in historically black institutions	
	MHEC shall direct the Board of Regents of Morgan State University to develop and implement a plan for the enhancement of that institution as the State's public urban university with the appropriate programs, faculty, and facilities [§11-105(b)(5)(iii)]	Morgan State University has developed a plan for the enhancement of its role as the State's public urban university	
	The Chancellor shall develop an overall plan that recognizes the need to enhance the System's historically black institutions [§12-106(a)(1)(v)]		A plan to enhance the HBI's was approved by the Regents in 1992. It was reviewed and updated as requested by the General Assembly in 1994
	The President of Morgan State University shall develop an overall plan that provides for the enhancement of the university as the State's public urban university [§14-104(j)(1)(iii)]	Morgan State University has developed a plan for the enhancement of its role as the State's public urban university	

Enhance the University of Maryland College Park as the State's flagship institution	MHEC shall direct the USM Board of Regents to develop and implement a plan for the enhancement of the University of Maryland College Park as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge [§11-105(b)(5)(i)]	The Commission encouraged the Board of Regents to develop an enhancement plan for UMCP and has consistently continued to support such enhancement in its State plans and elsewhere. The enhancement called for in the plan was hampered by the economic downturn of the early 1990's.	UMCP enhancement plan was approved by the Regents in 1989. Enhancement plan was revised at the request of the General Assembly in 1994.
	USM shall maintain and enhance the College Park campus as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge; admit freshman to the campus who have academic profiles that suggest exceptional ability; provide access to the upper division undergraduate level of the campus for students who have excelled in completing lower division study; and provide the campus with the level of operating funding and facilities necessary to place it among the upper echelon of its peer institutions [§10-209(f)(1-4)] The Chancellor shall develop an overall plan that enhances the mission of the University of Maryland at College Park as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge [§12-106(a)(1)(iii)]		$4.225M was allocated for UMCP's faculty salaries in 1998-1999. SAT scores and GPA's of incoming freshman at UMCP have increased over the decade to an all-time high. UMCP is funded at a level higher than the average of its current peers; however, because of the recession, operating funds have not been available to bring UMCP up to the average funding level of its aspirational peers. FY 2000 BOR Separate List calls for enhanced funding for UMCP based on its aspirational peers UMCP has received $354M in capital funds over the last 10 years. Regents supported UMCP's proposal for MAITI.

Maintain and enhance a research center in the Baltimore area	MHEC shall direct the USM Board of Regents to maintain and enhance a coordinated higher education center for research and graduate and professional study in the Baltimore area [§11-105(b)(5)(ii)] USM shall maintain and enhance a coordinated higher education center for research and graduate and professional study in the Baltimore area. Based on their joint graduate and research programs, the University of Maryland at Baltimore and the University of Maryland Baltimore County shall be considered a single research institution for the purposes of determining peer institutions. Funding guidelines for the professional schools of the University of Maryland at Baltimore shall be based on peer comparisons separately established for each school [§10-209(g)] The Chancellor shall develop an overall plan that maintains a coordinated higher education center for research and graduate and professional study in the Baltimore area [§12-106(a)(1)(iv)]	In 1988 MHEC directed the Board of Regents to maintain and enhance a coordinated higher education center for research and graduate and professional studies in Baltimore. Significant collaboration between UMB and UMBC has occurred since that time.	BOR proposed merger of UMBC and UMB as the best way to enhance the Baltimore area's graduate and professional education. In the last 10 years, UMB and UMBC have received $284M in the capital budget. In FY 1998, $10M was appropriated to UMB and UMBC to enhance research facilities. BOR has developed an initiative to increase appropriations for research facilities beginning in FY 2000 given the connection between research growth and economic development.
Encourage and support high quality undergraduate and teacher preparation programs.	The Chancellor shall develop a plan that encourages and supports high quality undergraduate and teacher preparation programs on its campuses [§12-106(a)(1)(vii)]		USM Vision III Budget Plan calls for 45% of the funds for Regents' initiatives to be invested in undergraduate education. Regents approved a plan to reform teacher education in the USM institutions. Undergraduate graduation rates have increased at all USM institutions.

Promote excellence at each campus	The goal of USM is to achieve and sustain national eminence with each component fulfilling a distinct and complementary mission [§10-209(b)]. USM shall promote excellence at each campus, in accordance with the skills of the faculty, the needs of the region, and the academic programs offered [§10-209-(c)(1)]		National rankings of the USM institutions have increased dramatically over the last ten years. Over the last decade, SAT scores of the incoming class have increased in each of the USM institutions. Faculty sponsored research has tripled over the last ten years.
	The president of Morgan State University shall develop an overall plan that encourages and supports high quality undergraduate and graduate programs on its campuses [§14-104(j)(1)(iv)]	The Morgan State University plan addresses the question of developing high-quality undergraduate and graduate programs. Seven new programs have been implemented and nine others are under consideration. Twenty-three programs have been eliminated.	
	The president of St. Mary's College shall develop an overall plan that enhances its role as a traditional liberal arts college and encourages and supports high quality undergraduate programs [§14-204(d)(1)(iii and v)]	St. Mary's College of Maryland has developed a five-year strategic plan (1997-2002) which incorporates a distinctive honors program curriculum adopted by the faculty in 1997. This action significantly enhances the institutional plan.	
Recruit and retain nationally and internationally prominent faculty	USM shall recruit and retain nationally and internationally prominent faculty members [§10-209(c)(3)]		Regents have set goals for faculty salaries equal to 85th percentile of peer institutions. In FY 1998-1999, $9.5M was appropriated for recruitment and retention of faculty.

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Promote economic development	MHEC must establish the format of mission statements to include ... areas of service activity including economic development [§11-303(8)] USM shall promote economic development by creating a well educated work force through undergraduate, graduate, and professional education, targeted research, education extension services, and technical assistance [§10-209(c)(5)]. Public institutions of higher education shall enhance economic development of the State through research, training, and extension services to business and industry [§10-204(6)] Institutions of higher education should utilize educational resources to provide the greatest possible benefit to the citizens of the State and to foster economic development [§10-205(a)] The community colleges shall provide training in skills and fields of study of importance to the region's business community [§10-211(4)]	Two-year and four-year Institutions and MHEC have cooperated as partners to be sensitive to the importance of economic development. They have worked with business and industry to design customized education and training. Goal 4 of the State Plan is devoted to the partnership of higher education and economic development and includes the formation, now taking place, of a business-higher education council.	In a recent survey, 80% of employers ranked Maryland's public four-year colleges as good or excellent in preparing the workforce. USM institutions serve over 40,000 working adults each year with programs designed to upgrade their professional skills. USM institutions offer programs at the Shady Grove, Downtown Baltimore, and Heat Centers. FSU maintains centers in Hagerstown and Frederick and UMUC in Annapolis and Charles County.

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Stimulate outreach to the community and the State	The Chancellor shall develop an overall plan that stimulates outreach to the community and the State through close relationships with public elementary and secondary schools, business and industry, and governmental agencies [§12-106(a)(1)(viii)] Public institutions of higher education shall promote civic responsibility and provide public services for citizens of the State [§10-204(5) and (7)]		USM initiated K-16 partnership with MHEC and MSDE to improve student performance and align graduation requirements with admissions standards. USM established council of business leaders to strengthen connection between USMH and the business community. USM faculty gave 50,000 days of public service last year. Regents Advancement Committee called for USM presidents to share best practices in economic development and established benchmarks for entrepreneurial activities. USM built telecommunications infrastructure for all member institutions that will also be available to other educational sectors.
	The president of Morgan State University shall develop an overall plan that stimulates outreach to the community and the State through close relationships with public elementary and secondary schools, business and industry, and governmental agencies [§14-104(j)(1)(v)]	The Morgan State University plan addresses components of community outreach, including relationships with public schools, business and industry, and governmental industries.	
	The president of St. Mary's College shall develop an overall plan that stimulates outreach to the community and the State through close relationships with public elementary and secondary schools, business and industry, and governmental agencies [§14-204(d)(1)(vi)]	St. Mary's College is the second largest employer in St. Mary's county, and has a great economic impact upon the community. From service perspective, St. Mary's College provides free access to the library and athletic facilities, a variety of volunteer services to the community, continuing education, leadership in environmental initiatives, K-16 activities with the public schools, participation in economic development partnerships, and the placing of students in local internships.	

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(continued)	The community colleges of the State shall provide a diverse range of educational services, with particular emphasis on community centered programs... [§10-211(a)] The community colleges shall provide public services to the community's citizens [§10-211(7)]	MHEC and the community colleges work as partners in a variety of ways: ensuring open access for education and training, achieving more equitable and predictable funding, supporting financial aid, coordinating development of capital projects, developing new academic programs, and improving articulation. Community colleges offer cultural centers, participate in welfare reform, and provide Adult Basic Education programs.	
Encourage collaboration among segments of higher education	MHEC shall coordinate and arbitrate among different segments of higher education in the State [§10-207(1)] MHEC shall arbitrate to resolve differences among the segments of higher education [§11-105(0)]	MHEC coordinates and arbitrates among the segments in articulation, academic program and mission review. The Commission supports four statutory advisory councils: Faculty Advisory Council, Student Advisory Council, Segmental Advisory Council, and Financial Assistance Advisory Council as well as an Academic Affairs Advisory Committee and a Financial Advisory Committee. The Commission collects and has published a catalog of institutional collaborations.	

Encourage collaboration among institutions of higher education	In developing missions and programs, MHEC, each governing board, and its constituent institutions shall consider the role, mission, and function of other public senior higher education institutions, particularly those institutions offering unique programs and services in the same geographic region [§10-205(c)] The Board of Regents shall establish and implement procedures for transferring students and faculty between constituent institutions; cooperative programs among institutions, and standards for the reciprocal acceptance of credits [§12-106(c)(5)(i - iii)] The Chancellor shall coordinate and arbitrate among the institutions and centers of the university [§10-209(d)(2)(iii)] and [§12-108(b)(iii)] In each region of the State, institutions of higher education should cooperate to assure an effective and efficient education system [§10-205(b)]	MHEC has supported the development of joint degree programs between public and independent institutions and in other unique circumstances. The Commission supports consortial efforts such as the Academic Common Market, the Southern Regional Electronic Campus, the Maryland Community College Teleconsortium, and the Maryland Applied Information Technology Initiative.	USM developed a Web-based computerized system for transferring student credit hours between community colleges and USM institutions. The articulation system is available to all Maryland high schools. Over 50% of students entering USM are transfers from other institutions. USM developed Web-based common undergraduate application form for all USM institutions. USM developed joint and cooperative degree programs among member institutions and adopted a common academic calendar. USM created centers at Shady Grove and Downtown Baltimore where member institutions cooperate in delivering workforce development programs. USM developed dual admission programs between community colleges and member institutions. USM developed forum for statewide meetings of chief academic officers of member institutions and community colleges. USM established statewide programs in health and in professional and technical studies.

Promote access for economically disadvantaged students and raise the level of academic preparedness for disadvantaged students	MHEC shall establish and administer a college preparation intervention program [§11-601] The purpose of the program shall be to raise the level of academic preparedness of economically and environmentally disadvantaged students who go on to college [§11-602] The Governor must include in the annual budget bill an appropriation of at least $750,000 from the general fund of the State for the College Preparation Intervention program [§11-605] (*The program was established on a three-year pilot basis MHEC was required to evaluate the effectiveness of the program and submit a report to the General Assembly prior to the 20th day of the 1991 Legislative Session The program was discontinued at that time [§11-606]*)	During the life of the College Preparation Intervention Program, a number of regional projects were supported serving over 2,500 students, utilizing cooperation between local schools, higher education institutions, and local business community groups or non-profit organizations Evaluation was carried out as required. On the success of this pilot project Maryland was granted $1.9 million over five years in the National Early Intervention Scholarship and Partnership Program	
	The Chancellor shall develop an overall plan that affirms the need for increased access for economically-disadvantaged and minority students [§12-106(a)(7)(vi)]		BOR adopted a tuition policy to assure access to qualified undergraduate students USM developed plan to recruit and retain minority students Graduation rate of African American students has increased at all USM institutions over the last 10 years USM institutions awarded $15M in need-based financial aid to undergraduate students in FY 1998 USM institutions adopted benchmarks for employment of minority and women faculty and administrators
	The president of St Mary's College shall develop an overall plan that affirms the need for increased access for economically disadvantaged and minority students [§14-204(d)(1)(iv)]	St. Mary's College annually completes a recruitment plan that uses every available resource to attract qualified women and minority candidates By utilizing its minority recruitment plan the College focuses recruitment initiatives in Baltimore City and Prince George's County annually This program has resulted in a 17-20 percent annual minority first-year recruitment rate and has attracted national recognition for its success	

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(continued)	The community colleges of the State shall provide a diverse range of educational services, with particularly emphasis on .. programs that afford open access to persons with a variety of educational backgrounds [§10-211(a)]. Student financial aid programs should be developed to provide reasonable access to the appropriate academic programs for individuals who exhibit financial need, who are educationally disadvantaged, or who exhibit special merit [§10-203(d)]	Community colleges offer students educational opportunities in Maryland by providing a locally accessible, open-door, lower cost alternative to undergraduate courses that can result in a terminal degree or transfer to a four-year institution. They are also the primary source for workforce training, offering continuing education courses, certification and licensure programs, as well as customized training options for businesses and industries. The Educational Excellence Award program, enacted in 1991, increases the opportunity for low and moderate income students to receive a college education through its two components: the Guaranteed Access Grant and the Educational Assistance Grant.	
Increase access, retention, and advancement of African-American students	MHEC shall establish the format of missions statements to include ... measurable objectives to be achieved, including graduation and retention rates and equal opportunity goals [§11-303(1)] The Chancellor shall develop an overall plan that affirms the need for increased access for economically-disadvantaged and minority students [§12-106(a)(1)([illegible])] The president of St. Mary's College shall develop an overall plan that affirms the need for increased access for economically disadvantaged and minority students. [§14-204(d)(1)(iv)] *(Also see the goal to Promote equal educational and employment opportunities.)*	The format for mission statements includes measurable objectives to be achieved. Retention and graduation rates are included in institutions' short-term goals and priorities. *Access and Success*, previously mentioned, supports retention and graduation. Refer to previous section on access.	

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Promote equal educational and employment opportunities	MHEC is responsible for developing a program of desegregation and equal educational opportunity, including developing an enhancement plan for historically black colleges and universities. MHEC must monitor the progress made under, and assure compliance with, the goals, measures, and commitments contained in the desegregation and equal education opportunity plan; must make recommendations concerning needed resources for achieving the goals and objectives; must require reports from each governing board concerning the progress toward equal opportunity in all activities and programs under its jurisdiction, and must report to the Governor and the General Assembly regarding the progress of compliance with desegregation and equal education opportunity plans [§11-105(d)(1)(i - v)]	A *Plan to Assure Equal Postsecondary Educational Opportunity* (1985-89), was prepared by the Commission and submitted to the U. S. Department of Education, Office for Civil Rights. It is responsive to the Commission's various equal educational opportunity obligations under State and federal law, including integration of traditionally white institutions and the enhancement of historically black institutions. The Commission has implemented this plan in compliance with Education Article, 11-105(e), Annotated Code of Maryland and Title VI of the Civil Rights Act. In 1991, and again in *Educating for the 21st Century: The Maryland Plan for Postsecondary Education* (January 1998), MHEC articulated specific goals, strategies and tactics to comply with its obligations under State law and to foster and expand diversity among students, faculty, and staff. Strict accountability and reporting mechanisms are in place.	
	MHEC shall establish the format of missions statements to include ... measurable objectives to be achieved, including graduation and retention rates and equal opportunity goals [§11-303(1)]	MHEC mission statement review considers the importance of an institution's equal educational and employment responsibilities, and accountability goals and benchmarks are expected to reflect these responsibilities.	
	The Board of Regents shall make good faith efforts to achieve the goals, measures and commitments contained in any applicable equal educational opportunity plan adopted by the State; devote ample resources to achieving the EEO goals and objectives, and assure that women and minorities are equitably represented among the student body, faculty, staff, and administration of the University System [§12-107(a)]		USM institutions are national leaders in the production of minority college graduates. Minority enrollment has increased from 21% to 32% over the last 10 years.
	The presidents of the constituent institutions shall oversee affirmative action and equal employment opportunities, in compliance with State, federal, and board mandates and policies [§12-109(e)(12)]		
	Public institutions of higher education shall assure that women and minorities are equitably represented among faculty, staff, and administration, so that the higher education community reflects the diversity of the State's population [§10-204(8)]		USM institutions adopted benchmarks for employment of minority and women faculty and administrators.

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Administrative Process, Procedures, and Policies:			
Certificates of Approval	MHEC shall establish minimum requirements for issuing certificates, diplomas, and degrees by public and nonpublic institutions [§11-201]. With certain exceptions, an institution of postsecondary education may not operate without a certificate of approval from MHEC. MHEC shall issue a certificate of approval to an institution if it finds that the facilities, conditions of entrance and scholarship, and educational qualifications and standards are adequate, and that the proposed programs to be offered by the institution meet the educational needs of the State [§11-202 et seq.].	The Commission has adopted minimum standards for issuing certificates of approval to institutions and private career schools. Requirements have also been established for out-of-state institutions which operate in the state.	
Program approval process, including the process for eliminating and avoiding unnecessary duplication of programs	MHEC may review any educational program offered at a public or nonpublic institution of postsecondary education in the State that receives State funds [§ 11-105(h)(1)]. Governing bodies of institutions of post-secondary education shall submit to MHEC each proposal for a new program or a substantial modification of an existing program. MHEC shall review each such proposal, and, with respect to each public institution, either approve or disapprove the proposal. With respect to each nonpublic institution, MHEC shall either recommend that the proposal be implemented or that the proposal not be implemented. A public institution may not implement a new program without prior MHEC approval. If MHEC fails to act within 150 days of submission, the proposal shall be deemed approved [§11-205(a)(1)-(4)]. Prior to discontinuation, each institution of post-secondary education that proposes to discontinue an existing program shall provide written notice to MHEC, specifying the name of the program and the expected date of discontinuation [§11-205(b)(1)]. MHEC shall review and make recommendations on programs in nonpublic institutions of higher education that receive State funds [§ 11-205(c)]. For nonpublic institutions, MHEC may recommend that the General Assembly reduce the appropriation by the amount of aid associated with the FTE enrollment in that program if a nonpublic institution has implemented a new or substantially modified program contrary to the recommendation of MHEC that was based on a finding of unreasonable duplication [§17-105(b)].	Commission policies and procedures for approval of new academic degree programs, substantial modifications to existing programs, and off-campus degree programs require that programs are consistent with an institution's approved mission statement, meet an educational need in the State, contain sufficient documentation on market supply and demand, and not unreasonably duplicate existing offerings at other institutions in the State. The issue of program duplication is central to the Commission's review process. If concerns arise, institutions are given opportunity to reconsider the program or to withdraw the program. The Commission also identifies degree programs deemed to be underproductive. As a result, campuses on average discontinue about 15 percent of these programs. The Commission recognizes the need for program review to be accomplished quickly to allow institutions to be responsive to the needs of the State and its citizens. MHEC has streamlined its approval process, guaranteeing review of complete program proposals between 30 and 45 days, well within the 150 days allowed by statue.	USM has followed the program approval process as spelled out in legislation. USM has streamlined its internal process for review and approval of new programs.

(continued)		Moreover, MHEC has instituted a rolling schedule so that proposed programs can be submitted at anytime during the year in place of the twice-yearly submission model utilized early in the Commission's history	
	MHEC shall adopt regulations establishing standards for determining whether two or more programs are unreasonably duplicative [§11-205(d)(2)] MHEC may review existing programs at public institutions if MHEC has reason to believe that academic programs are unreasonably duplicative or inconsistent with an institution's adopted mission. If MHEC makes a determination that a program is unreasonably duplicative, MHEC may (a) make recommendations to a governing board on the continuation or modification of the program; (b) require any affected governing board to submit a plan to resolve the duplication, and (c) negotiate as necessary with any affected governing board until the unreasonable duplication is eliminated [§11-205(d)(3)-(5)] MHEC shall review each institution's mission statement, and approve the statement if it finds that the statement ... will not result in the unreasonable duplication of academic programs [§11-302(c)(2)(ii)]	The required regulations are found in COMAR 13B.02.03.09, Duplication of a Proposed Program. In determining unreasonable duplication for proposed new programs, the Commission considers the degree to be awarded, the area of specialization, the purpose or objectives of the course of study, the specific academic content, evidence of the quality of the proposed program in comparison to existing programs, and an analysis of the market demand for the program. In 1993, the Commission evaluated all existing programs against these criteria and determined that only reasonable duplication existed	
	Before adopting the mission statements of the USM constituent institutions, the USM Board of Regents shall review the statements to assure ... that they will not result in unnecessary duplication of academic programs [§11-302(b)(2)(ii)(2)]		Mission statements adopted by the BOR included areas of program emphasis, thus assuring that unnecessary duplication was minimized
	The USM Board of Regents shall, on an ongoing basis, review and determine whether any university or constituent institution's programs are inconsistent with the university's or constituent institution's mission. The Board shall also assure that the university's programs are not unproductive or unreasonably duplicative [§12-106(b)]		USM established an on-going process of discipline-wide review of existing programs that addresses duplication, consistency with mission, cost and productivity. Disciplines reviewed to date include education, engineering, business, and computer sciences
	The USM Board of Regents shall, in consultation with the Chancellor, review and approve each proposal for any new program and any substantial expansion, curtailment, or discontinuance of any existing program [§12-106(c)(1)] The USM Board of Regents shall, in consultation with the Chancellor, review existing programs and make necessary determinations for the continuation or modification, or the elimination of unreasonable duplication, in existing programs [§12-106(c)(2)]		Each USM institution reviews all of its program offerings on a seven-year cycle. This review is faculty driven and addresses quality aspects

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(continued)	Subject to the authority and applicable regulations and policies of the USM Board of Regents, each president shall have the authority to develop new academic programs and curtail or eliminate existing programs [§12-109(e)(2)]		
	The Board of Regents of Morgan State University may review or adopt policies and procedures of the University with respect to accreditation, programs and functions, and curricula (among other things) [§14-104(c) (1), (2), and (5)]	Morgan State University carefully reviews its programmatic and curricular policies on a regular basis and has eliminated a number of programs under that policy.	
	The State Board for Community Colleges shall assure that courses offered are within the scope of the mission of the community colleges [§16-104(a)(4)(ii)] (*This responsibility was transferred to MHEC in 1991.*)	MHEC works with the community colleges to assure that offerings are within the scope of the colleges' missions.	
Establishing and approving tuition and fees	The USM Board of Regents shall, in consultation with the Chancellor, establish general guidelines for tuition and fees for each of the USM constituent institutions [§12-106(c)(4)]		BOR tuition policy was most recently revised in 1996.
	The governing boards of public senior institutions shall set guidelines for tuition and mandatory fees for institutions under their jurisdiction [§10-208(5)].		Institutions submit four-year tuition plans for BOR approval.
	Subject to the authority and applicable regulations and policies of the USM Board of Regents, each USM president shall set tuition and fees [§12-109(e)(6)]		In 1995, BOR adopted a policy on undergraduate financial aid.
	The Board of Regents of Morgan State University may fix tuition and other fees paid by resident and nonresident students [§14-104(f)(i)]	The Board of Regents of Morgan State University reviews and revises tuition and fees on an annual basis.	
	Each governing board of a public institution may develop a policy for the waiver of tuition and room and board for faculty and employees of the institution and their children who attend State public institutions of higher education [§15-106]		Systemwide human resources policies address tuition waivers for employees and their dependents.

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Establishing and approving admission, progress, and retention standards	The governing boards of public institutions shall, with respect to institutions under their jurisdiction, establish guidelines for admission standards that are consistent with the roles and missions approved for the institutions [§10-208(4)] In consultation with the Chancellor, the USM Board of Regents shall prescribe minimum admission standards for each institution under its jurisdiction [§12-106(c)(3)] Subject to the authority and applicable regulations and policies of the USM Board of Regents, each president of a USM constituent institution shall establish admission standards [§12-109(c)(5)] USM shall admit as freshmen to the College Park campus highly qualified students who have academic profiles that suggest exceptional ability [§10-209(f)(2)] USM shall provide access to the upper division undergraduate level of the College Park campus for students who have excelled in completing lower division study [§10-209(f)(3)] The Board of Regents of Morgan State University may review or adopt policies and procedures of the University with respect to admissions [§14-104(c)(4)]	The Board of Regents of Morgan State University has adopted an admissions policy and reviews it on a regular basis	BOR adopted and revised an admissions policy which provides for institutional differences based on mission. USM disseminates information to high schools on course requirements for admission to member institutions. USM transfer student policy accommodates and facilitates transfers of community college students. UMCP's freshman class of 1998 has the highest academic profile in its history and higher than any of the other USM institutions.
Performance accountability process	The Governor and General Assembly shall demand accountability and effective management from public institutions of higher education [§10-206(4)] MHEC shall coordinate the State's program of performance accountability reporting for public institutions of higher education [§10-207(7)] MHEC may disapprove an institution's accountability plan and require the governing board to reconsider the plan if MHEC finds: (a) the plan does not conform to the format or guideline established by MHEC; (b) the measurement techniques embodied in the plan are invalid or unreliable; or (c) the plan is not reasonably related to the institution's mission statement [§11-304(c)(2)] MHEC shall compile and review the performance accountability reports of the institutions and USM, and present the reports, together with the comments and recommendations of MHEC, to the Governor and General Assembly [§11-307]	In 1996 MHEC approved a new accountability system for public higher education which measures campus performance on a series of key indicators. For each indicator the public campuses are expected to develop benchmarks or goals. In their annual accountability report, four years of trend data are supplied and discussion of progress is required. From these submissions, MHEC creates a consolidated accountability report for the Governor and the General Assembly	

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(continued)	MHEC may adopt regulations to establish deadlines for submission of performance accountability plans and formats and guidelines for the preparation of plans and reports [§11-308]		
	The governing board of each public institution shall review the institution's accountability plan, may amend and shall adopt or disapprove the plan, and shall submit the plan to MHEC for review and comments [§11-304(b)(1), (c)(1)] The governing board of each public institution shall submit the performance accountability report to MHEC, and hold each president accountable for meeting the objectives in the performance accountability plan [§11-306(b)] In the case of the constituent institutions of USM, the Chancellor shall review each accountability plan prior to its consideration by the USM Board of Regents and make recommendations [§11-304(b)(2)]		USM adheres to MHEC accountability guidelines and reporting requirements. Chancellor reviews and Regents approve institutional accountability reports. Chancellor and Regents regularly monitor institutional performance against goals and benchmarks included in Vision III and MHEC's accountability reports. BOR Organization and Compensation Committee evaluates presidential performance based on achievement of institutional goals.
	The Chancellor shall assist the USM constituent institutions in achieving performance goals in accordance with their adopted performance accountability plan [§12-108(b)(1)(iv)] The president of each public institution shall prepare a performance accountability plan, and submit it to the institution's governing board. The president shall update the accountability plan as appropriate and upon the direction of the governing board [§11-304(a)(1)-(3)]		
	Each year the president of each public institution shall submit to its governing board a written report on the attainment by the institution of the objectives in the performance accountability plan of the institution [§11-306(a)]		
	In the case of community colleges, the Board of Trustees of the community college shall submit the institution's accountability plan and recommendations to the State Board for Community Colleges. The State Board for Community Colleges shall review the plan, make recommendations, and submit the plan and recommendations to MHEC [§11-304(b)(3)]. *(This responsibility was transferred to MHEC in 1991.)*	MHEC carries out the process described for the community colleges.	
	The State Board for Community Colleges is a planning and coordinating agency that shall develop, assess, and report institutional performance indicators for community colleges to measure quality and effectiveness [§10-210(4), §16-104(a)(4)(vi)]. *(This responsibility was transferred to MHEC in 1991.)*		

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Establishing and maintaining a higher education information system	MHEC shall establish and maintain a higher education information system for planning, coordination, and evaluation purposes [§10-207(6), §11-105(p)] The State Board for Community Colleges shall establish and maintain a community college information system for planning and coordinating purposes [§10-210(5), §16-104(a)(4)(iii)] *(This responsibility was transferred to MHEC in 1991.)* The State Board for Community Colleges shall provide centralized data processing assistance to community colleges [§16-104(a)(4)(v)] *(This responsibility was transferred to MHEC in 1991.)*	The Commission has established a higher education information system which collects a wide array of data, providing policy and planning information. MHEC also administers an annual study that provides data to high schools and school districts on the college performance of their graduates (SOAR). Similar data collection is carried out for the community colleges as well.	
Establishing faculty salaries and other employee compensation	Upon the recommendation of the Chancellor who shall consult with the presidents, the USM Board of Regents shall establish general standards and guidelines governing the appointment, compensation, advancement, tenure, and termination of all faculty and administrative personnel in USM. These standards and guidelines shall recognize the diverse missions of the constituent institutions. The Board of Regents may establish different standards of compensation based on the size and missions of the constituent institutions [§12-110(a)]		BOR adopted faculty Appointment, Rank and Tenure policy, setting framework for institutional decisions. Regents have set goals for faculty salaries at the 85th percentile of peer institutions.
	Subject to the authority and applicable regulations and policies of the USM Board of Regents, each president of a USM constituent institution shall appoint, promote, fix salaries, grant tenure, assign duties, and terminate personnel [§12-109(e)(4)]		BOR adopted policy on periodic review of tenured faculty; review conducted by institutions.
	Subject to the standards and guidelines established by the USM Board of Regents, a USM president may prescribe additional personnel policies, and approve individual personnel actions affecting the terms and conditions of academic and administrative appointments [§12-110(c)]		
Establishing procedures for transferring students and faculty between institutions and segments	MHEC shall establish procedures for the transfer of students between the public segments of postsecondary education [§11-206(a)(1)] In conjunction with the governing boards, MHEC shall establish standards for articulation agreements [§11-206(a)(3)]	In fulfilling this responsibility, the Commission has 1) created a Student Transfer Advisory Council to identify issues and recommend policies, 2) adopted regulations governing general education and transfer which ensure automatic transfer of the common core of general education requirements, 3) published a *Student Guide to Transfer* in printed and electronic form, and 4) fostered the development by discipline-based faculty groups of statewide agreements on introductory, general education course content.	

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(continued)	With respect to each institution under its jurisdiction, in consultation with the Chancellor, the USM Board of Regents shall establish and implement procedures for the transfer of student and faculty between constituent institutions and standards for reciprocal acceptance of credits [§12-104(c)(5)(i) and (iii)] Community colleges shall provide lower level undergraduate courses, in accordance with credit transfer guidelines set by MHEC, for students who aspire to continue their education at a senior institution [§10-211(b)(2)]		ARTSYS - developed a Web-based system for transferring student credit hours between community colleges and USM institutions
Developing policies for student discipline, suspension, expulsion, or reinstatement	In consultation with the Chancellor and the presidents, the USM Board of Regents may adopt policies providing for the discipline, suspension, expulsion or reinstatement of any student [§12-106(d)(1)]		BOR has adopted a series of policies related to student life and conduct BOR has consolidated disparate policies inherited from the former BOT and former UM institutions
Developing policies for conduct of student organizations and athletic activities	In consultation with the Chancellor and the presidents, the USM Board of Regents may adopt policies providing for the recognition and conduct of student organizations and athletic programs and activities [§12-106(d)(2)] Subject to the authority and applicable regulations and policies of the USM Board of Regents, each USM president shall regulate and administer athletic and student activities [§12-109(e)(11)]		Annually USM institutions submit reports on intercollegiate athletics, including expenditures, salaries, and student progress

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Funding Goals and Budget Process			
Establishing a goal for State support for higher education	It is the goal of the State that public senior higher education institutions be funded at 100% of funding guidelines developed by MHEC [§10-203(a)] The Governor and General Assembly shall provide for the adequate financing of public higher education [§10-203(e)(3)] The Governor shall include in the annual budget submission for fiscal year 1990 at least a certain amount of general fund State support for each public senior higher education institution [§11-105(g)(5)(i)] For fiscal year 1991 and each fiscal year thereafter, it is the goal of the State that public senior higher education institutions be funded at a level at least equal to 100% of the funding guideline set by MHEC [§11-105(g)(5)(ii)]	The application of the funding guidelines, established in 1989, was suspended during the fiscal crisis of the early 1990's. No agreement was reached during the subsequent economic recovery between MHEC and USM regarding new funding guidelines. A process is currently underway, utilizing a consultant, to develop appropriate funding guidelines acceptable to MHEC and USM.	In absence of MHEC's guidelines, USM updated the old SBHE guidelines for budget planning purposes.
Setting funding priorities for operating and capital budgets	Funding policies shall allocate State resources efficiently while providing incentives for quality and institutional diversity [§10-203(b)] Funding proposals for public senior higher education institutions shall include capital funding to support construction, operation, and maintenance of a physical plant that is consistent with each institution's mission [§10-203(c)(1)] Funding proposals for public senior higher education institutions shall include capital funding to support construction, operation, and maintenance of a physical plant that is consistent with each institution's mission [§10-203(c)(3)]		USM Vision III Budget Plan set priorities and allocated funds over a 4-year period. Annually USM develops a 5-year capital plan. BOR has adopted guidelines for USM capital budget and criteria for prioritizing projects. Recently USM institutions completed revisions to master plan aligning institutional missions with capital needs. Vision III Budget Plan allocated debt service funds for new facilities.

(continued)	In consultation with the segments of higher education, MHEC shall develop guidelines to assess the adequacy of operating and capital funding based on comparisons with institutions designated as peer institutions and other factors [§11-105(f)(4) and §10-207(5)] In consultation with the Department of Budget and Fiscal Planning (now Department of Budget and Management (DBM)) and the Department of State Planning, MHEC shall annually make recommendations consistent with the Charter and the Statewide Plan for Higher Education on the appropriate level of funding for higher education [§11-105(f)(5)] In consultation with the institutions and the Chancellor, the USM Board of Regents shall establish standards for funding based on differences in size and mission of the constituent institutions [§12-105(a)(1)]		USM Vision III Budget Plan set priorities and allocated funds over a 4-year period.
Providing special initiative funding for the historically black institutions	In addition to base funding approved by MHEC, funding proposals for public senior higher education institutions shall include special initiative funding for academic programs at historically black colleges and universities [§10-203(c)(2)(i)]		Vision III Budget Plan allocated funds for the enhancement of HBI's. USM has consistently included enhancement funds for HBI's in annual budget requests.
Providing special initiative funding for academic innovation	In addition to base funding approved by MHEC, funding proposals for public senior higher education institutions shall include special initiative funding for the reward of academic innovation and enhancement [§10-203(c)(2)(ii)]	The Incentive Grant program provides "seed" money and/or matching funds to initiate innovative programs consistent with the MHEC State Plan, the Governor's statewide initiatives, or regional economic development objectives. It also allows for the establishment of financial partnerships between Maryland colleges and universities and non-governmental entities.	Numerous initiatives were included in the Vision III Budget Plan; for example, faculty development related to distance learning, virtual university, K-16 partnership, teacher preparation, minority in the life sciences, FSU-UMCP engineering, and fund raising support.

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Promoting private fund raising	USM shall actively pursue research funding and private support [§10-209(c)(4)] . Public institutions of higher education are encouraged to promote private fundraising by strengthening institutional development activities and by maintaining relationships with affiliated foundations [§15-104(b)(1)]. Affiliated foundations that are independently established for this purpose shall operate subject to policies adopted by the governing boards and approved for form and legal sufficiency by the Attorney General [§15-104(b)(2)]		USM contracts and grant awards have nearly tripled over the decade to $467M in FY 1998, with UMCP and UMB posting rates of growth well ahead of peers. USM is in the middle of a $700M fund raising campaign. USM has increased annual private giving four-fold since 1988. USM endowments have grown from $60M to $400M since 1988. USM has invested in campus fundraising programs through Common Trust funds and campaign readiness grants. USM has provided institutions with fund raising training programs and specialized services.
	No funds shall be accepted from an affiliated foundation by a public institution of postsecondary education unless the fiscal affairs of the affiliated foundation are audited annually by an independent certified public accountant [§15-104(b)(4)]		BOR has established policies on affiliated foundations and monitors annual reporting requirements, including independent audits.
	USM shall report annually to the General Assembly on the total of gifts, grants, or dedicated funds received or made available to USM during the year [§12-105(e)(2)] Subject to the authority and policies of the USM Board of Regents, each USM president shall have the authority to accept gifts and grants and maintain and manage endowment income [§12-109(e)(9)]		USM reports to the General Assembly annually on gifts and grants.
Promoting outside funds for research	USM shall actively pursue research funding and private support [§10-209(c)(4)]		USM contracts and grant awards have nearly tripled over the decade to $467M in FY 1998, with UMCP and UMB posting rates of growth well ahead of peers.

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Operating budget development process	On or before a certain date set by MHEC, each governing board (e.g. USM Board of Regents, Morgan State Board of Regents, St. Mary's College Board of Trustees, State Board of Community Colleges) shall submit to MHEC its annual operating budget requests and proposals for capital projects, by constituent institutions for the next fiscal year [§11-105(g)(1)]	MHEC and DBM jointly set a date, August 31, for submission of operating budgets. The Commission reviews requests for increased funds in light of their established statewide priorities. The Commission assembles its recommendations, considering each segment, and submits a consolidated operating budget to the Governor and the General Assembly. This consolidated budget recommendation is the MHEC recommendation on the appropriate level of funding.	
	In consultation with the DBM and the Department of State Planning, MHEC shall present to the Governor and simultaneously submit a copy to the General Assembly, a consolidated operating and capital budget for higher education that includes the operating and capital budget requests of the governing boards and institutions, the operating budget request of MHEC, and a report on the current funding of the adopted sets of peer institutions, and recommendations regarding the funding of higher education [§11-105(g)(2)]		
	In reviewing the various budgets and submitting recommendations, MHEC: 1) may not require of any segment or institution a detailed presentation that tends to duplicate other presentations required in the budget process, and 2) as to the funding priority of any institution, may comment only on the entity as a whole and not on any separate unit of an institution [§11-105(g)(4)(i)(ii)] The governing boards of public senior higher education institutions shall evaluate and approve institutional budget submissions [§10-208(7)]		USM submits consolidated budget requests to DBM and MHEC as required in legislation.
	USM Board of Regents, in consultation with the institutions and Chancellor, shall review, modify as necessary, and approve consolidated budget requests for appropriations for USM with respect to the operating and capital budgets. The USM Board of Regents shall submit these requests for appropriations organized by constituent institution to MHEC, the Governor, and the General Assembly [§ 12-105(a)(2)(3)]		Contrary to this section, MHEC at times comments on specific institutional allocations.
	Subject to USM Board of Regents authority and policies, each president shall formulate operating and capital budget requests [§12-109(e)(3)]		Each institution develops its own budget request based on BOR allocations.

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Capital budget development process	In addition to the process described above, in cooperation with the Department of State Planning, MHEC shall review proposals for capital projects and improvements proposed by the public institutions of higher education in the State, and by nonpublic institutions of higher education seeking State funds for capital projects and improvement [§11-105(g)(3)(i)] MHEC shall develop and submit to the Governor and General Assembly recommendations as to these projects, which shall be consistent with the Statewide Plan for Higher Education [§11-105(g)(3)(ii)]	MHEC and DBM jointly set a date, June 1, for submission of capital budgets. Late submission of capital budget requests to MHEC has been a recurring problem. The Commission reviews capital budget proposals from the standpoint of academic need, DBM reviews the proposals from a financial perspective, and DGS reviews them for code adherence and structural feasibility. The Commission submits a consolidated higher education capital budget to the Governor and the General Assembly consistent with the State Plan.	

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State's Financial Commitment to Higher Education

The State renewed its commitment to adequately fund higher education with the enactment of Senate Bill 596 (Chapter 619, Acts of 1998). The 1998 legislation states the General Assembly's intent that, barring unforeseen economic conditions, the Governor provide at least the amount included in the previous year's budget for higher education beginning in fiscal 2000 ("maintenance of effort" provision). For fiscal 1999 through 2002, the legislation requires minimum funding levels for public and private higher education institutions, MHEC, and student financial aid programs, barring any unforeseen economic conditions. In addition, the law establishes minimum higher education funding goals for general fund operating and capital support for the next five years based on a percent of general fund revenues. The Department of Legislative Services has estimated the dollr value of these funding goals based on the December 1998 general fund revenue forecast prepared by the Board of Revenue Estimates as shown below.

Higher Education Funding Goals

Senate Bill 596
(Chapter 619, Laws of 1998)

Fiscal Year	Goal as a percentage of general fund revenues	Minimum funding goals (in millions)
1999	---	$943.2
2000	12.5%	$1,052.8
2001	13.5%	$1,179.0
2002	14.5%	$1,310.1
2003	15.0%	$1,411.7
2004	15.5%	$1,517.7

Based on Board of Revenue Estimates December 1998 forecast.
Prepared by the Department of Legislative Services

Exhibit 1 provides a comparison of projected higher education spending against the funding goals established in Senate Bill 596. Based on estimates prepared by the Department of Legislative Services, general fund support for higher education will increase from $940.1 million in fiscal 1999 to $1,389 million in fiscal 2004. Capital funding for higher education is also projected to increase from $95.2 million in fiscal 1999 to $129.3 million in fiscal 2004. In fiscal 2000 and 2001, providing the minimum amounts for each segment of higher education as required by the legislation will result in higher education funding exceeding the percentage goals by over $72 million in fiscal 2000 and $44 million in fiscal 2001.

Exhibit 1

HIGHER EDUCATION FUNDING

(dollars in millions)	Forecasted GF Revenues	Forecasted Higher Ed GF Funding	Increase from Previous Year	% Increase from Previous Year	Forecasted Higher Ed Capital Funding	Forecasted Higher Ed % of GF Revenues	SB 596 Higher Ed % of GF Revenues	Funding in Excess of SB 596 Goals
FY 1999	$8,171.4	$940.1			$95.2	12.67%	–	–
FY 2000	$8,422.6	$1,024.7	$84.6	9.00%	$100.3	13.36%	12.5%	$72.2
FY 2001	$8,733.2	$1,086.0	$61.3	5.98%	$137.2	14.01%	13.5%	$44.2
FY 2002	$9,035.6	$1,183.6	$97.6	8.99%	$126.5	14.50%	14.5%	$0.0
FY 2003	$9,411.1	$1,268.5	$84.9	7.17%	$143.1	15.00%	15.0%	$0.0
FY 2004	$9,791.5	$1,388.5	$120.0	9.46%	$129.3	15.50%	15.5%	$0.1

GF = General Funds

Assumptions used:

a) Forecasted GF revenues from Bureau of Revenue Estimates (BRE) forecast, December 1998
b) FY 2000 - 2004 - Percent of total allocation for USM GF funding based on FY 1999 total appropriation
c) FY 2000 - 2004 FTE figures upon which private institution and community college funding are based - from MHEC
d) FY 2000 - 2004 Morgan State University, St. Mary's College, MHEC, Student Financial Aid Programs, and Baltimore City Community College funding based upon DLS baseline forecast
e) Beginning in FY 2001, capital funding increased by 10% over previous forecast to correspond with increased GF funding

Prepared by the Department of Legislative Services, December 1998.

Prepared by: Department of Legislative Services, Office of Policy Analysis, December 1998

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The Department of Legislative Services' forecast of general fund support for each segment of higher education based on the December 1998 BRE projections and Senate Bill 596 is shown in **Exhibit 2**. State support to the System is expected to increase at an average annual rate of 8.5% per year through fiscal 2004. This represents an increase of $269 million over the five year period from fiscal 2000 through 2004.

Exhibit 2

Forecast of General Fund Support for Higher Education

Consistent with Chapter 619 of 1998 (SB 596)
($ in millions)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
University System of Maryland	649.7	706.7	741.7	819.5	878.4	975.6
Morgan State University	38.4	40.6	42.1	46.3	49.4	54.2
St. Mary's College of Maryland	12.4	12.7	13.0	13.3	13.7	14.0
Maryland Higher Education Commission	9.6	9.5	9.6	9.7	9.9	10.0
Aid to Private Colleges and Universities	33.2	36.4	40.1	42.3	47.0	50.6
Aid to Community Colleges	129.5	142.7	158.1	166.3	178.8	187.4
Student Financial Aid Programs	47.6	54.5	58.3	62.4	66.8	71.5
Baltimore City Community College	19.8	21.6	23.1	23.8	24.5	25.2
Total	940.2	1,024.7	1,086.0	1,183.6	1,268.5	1,388.5

	% change FY 99-00	% change FY 00-01	% change FY 01-02	% change FY 02-03	% change FY 03-04
University System of Maryland	8.8%	5.0%	10.5%	7.2%	11.1%
Morgan State University	5.7%	3.7%	10.0%	6.7%	9.7%
St. Mary's College of Maryland	2.4%	2.4%	2.3%	3.0%	2.2%
Maryland Higher Education Commission	-1.0%	1.1%	1.0%	2.1%	1.0%
Aid to Private Colleges and Universities	9.6%	10.2%	5.5%	11.1%	7.7%
Aid to Community Colleges	10.2%	10.8%	5.2%	7.5%	4.8%
Student Financial Aid Programs	14.5%	7.0%	7.0%	7.1%	7.0%
Baltimore City Community College	9.1%	6.9%	3.0%	2.9%	2.9%
Total	9.0%	6.0%	9.0%	7.2%	9.5%

Note: Amounts for each component of higher education are consistent with the funding required under SB 596 enacted this year. The legislation establishes State funding goals for higher education as a percent of State general fund revenues. By FY 2004 the percentage goal is 15.5% of general fund revenues, up from the actual appropriation of 12.7% in FY 1999. Amounts are based on the December 15, 1998 Board of Revenue Estimates forecast of general fund revenues.

Prepared by: Department of Legislative Services, Office of Policy Analysis, revised December 21, 1998

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Exhibit 3 shows historical and projected funding trends for USM, including general fund support and tuition and fee revenue. From fiscal 1994 to 1998, State funding to USM grew at an average annual rate of 3.6%. During the same period, tuition and fees grew 5.9% annually. As shown previously, State funding is projected to increase at an average annual rate of 8.5%, to $975.6 million, from fiscal 1999 through 2004. Assuming that the annual growth in in-state tuition rates remains capped at 4% over this period, tuition and fee revenue is expected to grow by 6% annually.

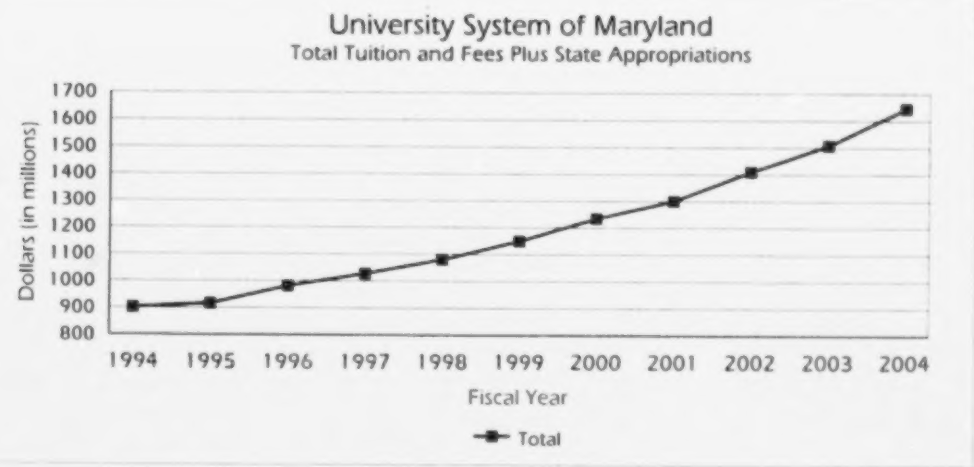
Exhibit 3

University System of Maryland

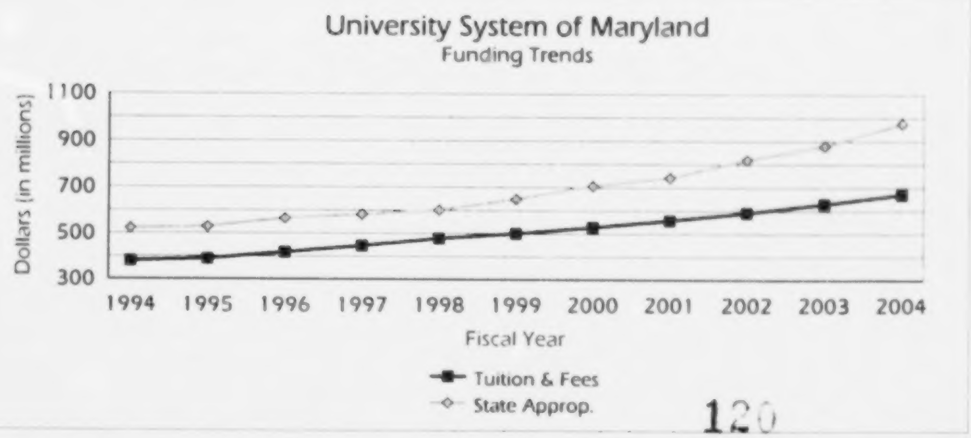
Historical and Projected Funding Trends

(Dollar amounts in millions)

FY	Tuition & Fees	State Approp.	Total	% Change Tuition & Fees	% Change State Approp.	% Change Total
1994	380.4	520.8	901.2	–	–	–
1995	388.5	551.5	940.0	2.1%	5.9%	4.3%
1996	417.2	563.3	980.5	7.4%	2.1%	4.3%
1997	446.0	580.4	1,026.4	6.9%	3.0%	4.7%
1998	478.6	601.0	1,079.6	7.3%	3.5%	5.2%
1999	499.8	649.7	1,149.5	4.4%	8.1%	6.5%
2000	528.2	706.7	1,234.9	5.7%	8.8%	7.4%
2001	557.8	741.7	1,299.5	5.6%	5.0%	5.2%
2002	590.4	819.5	1,409.9	5.8%	10.5%	8.5%
2003	629.5	878.4	1,507.9	6.6%	7.2%	7.0%
2004	669.7	975.6	1,645.3	6.4%	11.1%	9.1%


University System of Maryland

Total Tuition and Fees Plus State Appropriations


University System of Maryland

Funding Trends

Note: State appropriations for FY 2000 through FY 2004 are consistent with SB 596 enacted this year. The growth in tuition and fee revenues is based on the increase in revenues per FTES between FY 1998 and FY 1999.

Prepared by: Department of Legislative Services, Office of Policy Analysis, revised December 21, 1998

Summary of Independent Consultant Reports

Report of the Association of Governing Boards of Universities and Colleges

Senate Joint Resolution 8/House Joint Resolution 12, which established the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland, required the Task Force to engage the services of the Association of Governing Boards of Colleges and Universities (AGB) to report on: (1) the governance structure of the University System of Maryland (USM); (2) the governance structure of other public university systems around the country, particularly those with flagship institutions; and (3) what changes in the governance structure may be necessary to bring USM into national eminence among public university systems.

The AGB study was conducted by AGB principals and other personnel, in conjunction with David Leslie, professor of education at the College of William and Mary, and Terrence MacTaggart, chancellor of the University of Maine System. Additional assistance was provided by Jane Wellman, senior associate of the Institute for Higher Education Policy. The project team interviewed 170 individuals in Maryland and gathered data from an additional 12 individuals in other states. It met with elected leaders, business leaders, faculty, presidents, administrators, system staff, and Maryland Higher Education Commission (MHEC) staff. The team also reviewed 20 reports and documents related to Maryland higher education, testimony before the task force, and national source material.

Evaluation

AGB reports that Maryland's colleges and universities respond well to the needs of the State. According to AGB, Maryland is a comparatively wealthy state with diverse geography and cultures. To remain competitive economically in the rapidly changing environment, Maryland requires "nimble, responsive, and energetic higher education institutions....able to extend appropriate opportunities.... to those who will need education to compete in an increasingly sophisticated global marketplace."[1]

The report states that, to continue to serve the State well, Maryland's colleges and universities must be assisted by a responsive and rational higher education policy and decision-making process, which should accomplish the following goals:

- respond to the strategic needs of the State;

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[1] *Report to the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland*, Association of Governing Boards of Universities and Colleges, November 11, 1998, p. 1.

- ameliorate conflicts among regions and institutions;
- use new information technologies to their fullest potential in the delivery of higher education services;
- satisfy lawmakers' desire for a coordinated higher education budget process to prevent confusion arising from many competing voices; and
- assure citizens that tax dollars are well spent.[2]

According to the report, all states require a system of institutions to address these five goals. AGB identified the following seven features that a system should possess to operate successfully:

- collaborative leadership in setting a statewide agenda;
- political endorsement and alignment of authority;
- mission clarity and acceptance;
- capacity to resolve conflicts among member institutions;
- internal divisions of authority and responsibility;
- ability to acquire and manage resources; and
- operational efficiency.[3]

AGB's evaluation of the System's performance with respect to each of these criteria is as follows:

Collaborative leadership in setting a statewide agenda -- While MHEC, USM, and the institutions themselves each engage in some form of strategic planning, a higher degree of consensus and a higher degree of accountability for meeting Maryland's needs is required.[4]

Political endorsement and alignment of authority -- The System has only qualified support from the legislature. Additionally, overlap and duplication exist between the System and MHEC. The most problematic overlaps are approval of new academic programs, review of existing programs, review of institutional mission statements, accountability reporting, development of budget guidelines, and review of operating and capital budget requests. "The current structure overregulates higher education and constrains institutions from the kinds of entrepreneurial initiatives that should be encouraged."[5]

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[2] *Ibid.* p.3

[3] *Ibid.*, pp. 7 - 11.

[4] *Ibid.*, pp. 12 and 13.

[5] *Ibid.*, pp. 13 and 14.

Mission clarity and acceptance, capacity to resolve conflicts among member institutions, and internal divisions of authority and responsibility -- The leaders of a majority of institutions within USM are supportive of the System and believe it successfully meets the needs of their institutions. Three institutions, however, UMCP, UMB, and Towson, expressed the following concerns:

- If UMCP is to continue on the road to national eminence, then policies must be established and funding provided to make this happen.
- UMB has budget and program needs that are far different from other system institutions. As a result, the institution requires special treatment and may thrive better outside the System.
- Towson University is a growing comprehensive metropolitan institution that also feels shortchanged by the system. Its biggest concerns are over System operating budget guidelines, capital budget priorities, and the desire to expand academic offerings.

"System leaders clearly have not successfully addressed the concerns of these institutions."[6]

The System has been visionary in recognizing significant enrollment increases and the need for a highly trained workforce, for initiating serious discussions on distance learning and a virtual university, for establishing strategic partnerships with businesses and industries, and for being active in K-12 education. However, there is considerable complaint that the System moves too quickly on systemwide initiatives without the full endorsement of all of its members.

Ability to acquire and manage resources --"Funding to USM is adequate to provide a mid-range array of programs and services to the people of the State. However, it is not adequate to achieve the ambitions of the 1988 legislation." The strategic directions for Maryland higher education outlined in the 1988 legislation appear to conflict with one another. For example, certain key provisions designate UMCP as the flagship institution, while others call for a higher education center in Baltimore, improved undergraduate education, and enhancements to the historically black institutions. "Without sustained, consistent, and better than adequate funding for all system institutions, these enhancements will remain unmet or will conflict with one another or with other emerging funding priorities."[7]

Operational efficiency -- USM has established a strong track record in minimizing costs of current operations and creating cost-effective ways of mounting important new services. However, the program approval process needs to be streamlined.

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[6] *Ibid.*

[7] *Ibid, p. 16.*

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Recommendations

The report lists the following five broad structural options and their advantages and disadvantages for the task force to consider:

Option One -- Dissolve USM and create institutional governing boards for each university;

Option Two -- Create separate governing boards for segments of a tripartite system: research institutions, comprehensives, and community colleges;

Option Three -- Create a single "superboard" for all four-year institutions or all two-year and four-year institutions;

Option Four -- Recreate USM as a "federated system" in which institutional presidents report directly to the system governing board; and

Option Five -- Reorient and partially restructure the current system

Option Five is presented as the most viable choice. This option calls for:

- A change in the priorities of System leaders to focus more on:
  - addressing policy review and change so that a "one size fits all" approach gives way to far greater recognition of separate campus missions and the research mission in particular;
  - communicating with the public about the specific value public higher education in Maryland provides;
  - instituting a much greater level of interaction and advocacy on the part of the chancellor's office with policy makers, opinion leaders, and elected leaders;
  - changing organizational culture and policy, especially in the program-approval process, to support more entrepreneurial responses to State needs and public demands for service; and
  - creating incentives within the system for institutional change.

- A shift in some of MHEC's responsibilities to the Board of Regents, including:
  - developing budget guidelines for system institutions;
  - approving system and campus reports to the legislature;
  - establishing and revising institutional missions; and
  - approving, eliminating, and suspending academic programs; or

- Require MHEC and USM to negotiate to reduce these areas of tension or disagreement.

- Greater autonomy within the system for UMCP, UMB, and perhaps other institutions. Specifically:
    - the Regents, in consultation with the presidents, should delegate authority in prescribed areas to boards of visitors at UMCP and UMB beyond that suggested for presidential search and selection;
    - certain State procedural controls over UMCP in the areas of personnel, purchasing and procurement, facilities construction and enhancement, and financial management should be lifted;
    - the Board of Regents should conduct its own review of UMB in the context of changes in the health-care industry, considering whether levels of financial support are adequate to serve the development of health and medical education in Maryland and health-care delivery in greater Baltimore;
    - UMCP should be exempted from tuition caps imposed by the system or the State; and
    - USM must make a commitment to adequate funding to address the priority of undergraduate education at comprehensive institutions such as Towson.

- A more close and effective working relationship between the Regents and the boards of visitors.

- Political support for the reoriented approach to higher education delivery.

- A streamlined program approval process to deliver new programs to the marketplace quickly with less emphasis on duplication and competition.

- The Board of Regents should:
    - seek high-quality, third-party advice on the governance and management of the System;
    - review its own bylaws, policies, and procedures to see how board organization, committee structure, and decision making can improve; and
    - develop its funding guidelines in consultation with its member institutions, and communicate those guidelines to the legislature.

- A State Higher Education Incentive Fund should be created to help meet State higher education needs and priorities. Institutions should be required to match grants with private dollars. MHEC should administer the fund and determine funding priorities after consulting with elected leaders and others. MHEC should make grants to USM, for distribution to member institutions. Institutions other than public institutions might be eligible for grants depending on the availability of funds.

- The selection process for Regents, trustees, and commissioners could be improved by creating a nonpartisan screening committee which would make recommendations to the Governor on all public higher education governing boards and MHEC. The Governor and Legislature should jointly appoint members to the screening committee.

- The Governor should sponsor a conference on higher education annually.

Report of the Education Commission of the States

Senate Joint Resolution 8/House Joint Resolution 12, which established the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland, required the Task Force to engage the services of the Education Commission on the States (ECS) to report on "the current and future funding needs of the constituent institutions of the University System of Maryland to assist each institution in reaching its stated mission and goals, including a history of state funding prior to the formation of the University System of Maryland in 1988 and during the ten years of its existence."

ECS's study was conducted by an ECS principal and associate, in conjunction with Dennis Jones, president of the National Center for Higher Education Management Systems (NCHEMS). The members of the project team undertook various data analyses, examined many documents, visited key organizations and individuals, and then reported their observations and conclusions in the context of their work in numerous other states. ECS presented its report in two parts -- the first on November 11, 1998, and the second on December 2, 1998.

Evaluation

Part 1 -- November 11, 1998

ECS provided numerous charts and information on education levels, income, employment, State funding trends and patterns, institutional funding and peer-group comparisons, tuition and fees, research and development expenditures, institutional endowment, postsecondary participation and student migration, and student retention, progression, and degree production. In addition ECS's written report focuses on the broader issues discussed below.

Context and Needs in Maryland

ECS reports that Maryland has relatively high educational attainment levels in comparison to similar states. Educational attainment in Maryland varies significantly across the counties and regions of the State, however. Relatively high educational attainment contributes to per capita income in Maryland that is higher than the U.S. average and exceeds all but two of the comparison states, New Jersey and New York (the other comparison states are Minnesota, California, Virginia, Michigan, Pennsylvania, Ohio, Wisconsin, Texas, and North Carolina). Maryland's economy is based less on production of goods and more on the provision of services than comparison states. Maryland has higher employment in executive positions and technical jobs than in comparison states, and lower employment in the typical "blue-collar" jobs. In summary, the context for current higher education funding in Maryland is not that of a state in an overall "deficit" position.[8] According to ECS, Maryland's focus should be on "identifying the areas of greatest educational need and distributing resources to best meet those needs." ECS sees "too little attention paid to identifying those needs and too much attention paid to achieving selective eminence."[9]

State Funding Trends and Patterns

The report states that, based on comparative wealth, Maryland is above the national average in its ability to raise taxes. However, because Maryland is also above the national average with regard to the extent to which it imposes taxes, ECS suggests that it may not be a valid option to impose additional taxes in order to increase funding for higher education. According to ECS, it may be better for Maryland to reallocate, diversify, and more carefully use existing resources.

ECS examined the funding and allocation of State support since the establishment of USM. This examination revealed that funding for one group of institutions has been enhanced relative to the group average. This group includes St. Mary's College, Salisbury State, Towson, UMB, UMCP, and UMBC. Among these gainers, however, only St. Mary's and UMCP exceed the group average, with UMCP receiving the largest proportional increases over the period. State support for a second group of institutions has decreased relative to the group average. This group includes Bowie State, Coppin State, Morgan State, and UMES. Funding for Frostburg State University remained unchanged relative to the group average.

The analysis also revealed that higher education appropriations as a percentage of State tax revenues (and State budgets) has declined in the last ten years, in Maryland as well as other states. Currently, the proportion of State revenues going to higher education in Maryland is slightly lower than average among the comparison states. Total available revenue per student in Maryland (State appropriations plus net tuition/FTES) is above the national average.

Based on this data, ECS concludes that, although direct State appropriations to higher education are somewhat below average, "when tuition revenues are added and the relative wealth and economic conditions of the state are taken into account, overall Maryland has provided neither unusually high nor unusually low support for higher education over the past decade and more."[10]

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[8] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland*, Education Commission of the States, Nov. 11, 1998, p. 3.

[9] *Ibid.*, p. 9.

[10] *Ibid.*, p. 4.

Institutional Funding and Peer-group Comparisons

The report states that, in several cases, there are wide discrepancies in how institutions compare in funding levels relative to aspirational peers as compared to institutions that are currently and objectively more similar. ECS observes that these discrepancies may well be a partial cause for dissatisfaction with funding levels, since aspirational comparisons raise expectations. According to ECS, "Maryland is unusual in the attention and importance given to the use of peer comparisons as the basis for determining funding needs and levels."[11]

Student Tuition and Fees - Rates and Policies

The report observes that the tuition policies in Maryland reflect a set of practices that are closer to high tuition states, despite a stated policy to maintain moderate rates. This indicates to ECS that there is a "good deal of ambiguity and inconsistency between tuition policy and practice." Particularly unclear to ECS "is the relationship of tuition policy to the changing needs for student financial aid and the goal of ensuring economic access." [12]

Research and Development Expenditures

ECS reports that, historically, states have never been the primary sources of direct support for research. ECS believes that, given this, "the commitment in Maryland to enhance the USM research capacity at College Park (and other campuses) is unusual." "A heavy financial commitment to research would, in effect, take resources away from other functions."[13]

Institutional Endowment Comparisons

The report states that, relative to its aspirational institutions, the market value of College Park's endowment is very low. Among other Maryland public institutions, only UMB has a significant endowment. According to ECS, however, this is not unusual among public four-year institutions across the country.[14]

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[11] *Ibid.*, p. 5.

[12] *Ibid.*, p. 5.

[13] *Ibid.*, p. 6.

[14] *Ibid.*, p. 7.

Postsecondary Participation and Student Migration

ECS reports that Maryland's diverse postsecondary system has a broad distribution of students across sectors and institutional types. In most respects, postsecondary participation rates across different types of institutions fall very close to national averages. This suggests to ECS that "Maryland focus its attention less on the array of services provided, but more on how well these services are provided across counties and population groups."[15]

Student Retention, Progression, and Degree Production

ECS contends that more attention needs to be focused on improving student outcomes system-wide. According to ECS, "there is a lack of clarity regarding roles and objectives in this area and a degree of competition and redundancy rather than collaboration." Although Maryland is, in some ways, ahead of other states in this regard, "the issues, policies, and new practices will require continued effort and collaborative leadership, with strong, sustained support from the state level."[16]

Summary Observations

ECS observes that "despite the successes of the 1988 reorganization, too much attention is now being given to implementing the Charter's objectives, rather than adapting to the emerging markets and opportunities of the future." Also, dissatisfaction with higher education funding in Maryland is "pervasive and very observable." According to ECS, this is not justified simply on the basis of the comparative position of Maryland and its institutions. ECS also contends that funding methods are "over-studied." Elaborate processes are used to determine and allocate resources for institutions. These processes have the appearance of being overly bureaucratic, rather than open and supportive of institutional needs. ECS argues that within the budgetary processes, things need to be done differently. Finally, ECS posits that Maryland higher education funding suffers from an unusual degree of overlap, competition, and lack of clarity in roles. "Low funding is not the root cause, in [ECS's] view, although the large gaps between funding expectations and actuality probably contribute to poor communication and conflict."[17]

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[15] *Ibid.*, p. 8.

[16] *Ibid.*, p. 9.

[17] *Ibid.*,pp. 9 and 10.

Part 2 -- December 2, 1998

Funding Flows in Higher Education

The report explains that institutions of higher education simultaneously serve many different clientele -- students, the State, employers, local communities, and the federal government among others. This complex set of client relationships results in an equally complex set of funding relationships. Institutions are typically funded in one of two ways:

- directly to the institution as general support or for the purchase of a particular service (e.g., research on a specified topic); and
- indirectly to the institution, for example, through financial aid to students who provide funds to the institution through payment of tuition and fees.

In many cases funds come to the institutions with strings attached -- they can be used solely for research, support of athletic programs, etc. Such funds are called restricted funds. Other resources are provided to institutions in ways that provide wide discretion as to their use. These funds are labeled as unrestricted funds.

The shares borne by the various sources of funding are matters of public policy. There are several implications in this regard:

1. Questions of institutional funding must be addressed at two levels:
    a. adequacy of institutional funding; that is, do institutions have sufficient funds to allow them to accomplish their assigned missions?
    b. distribution of responsibility; that is, what shares will be borne by students versus the State?

2. Decisions about student share should be accompanied by consideration of State support to students (State student financial aid policy) to ensure that affordability is maintained in light of State and institutional policies regarding tuition levels.

3. Focus on direct State funding exclusively will result in an incomplete, and potentially very misleading, picture of the adequacy of institutional funding, and at the risk of disregarding the student share and affordability issues entirely.[18]

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[18] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland*, Education Commission of the States, December 2, 1998, p. 3.

Alternative Methods for Determining State Appropriations

The report discusses two basic approaches to ascertaining levels of State funding for institutions -- formula funding and base funding with annual adjustments.

Formula Approaches

The report explains that the basic form of a formula relates some workload measure (Student Credit Hours taught or square feet of space to be maintained) to a rate that may be either normative (negotiated or traditionally accepted) or analytically derived (a technical judgment based on cost studies). ECS advances the following important points about formulas:

- Most formulas are based on historical cost data. " They are, therefore, primarily vehicles for maintaining the status quo - carrying the past into the future - rather than engines of change."
- While viewed as a "technical" approach to resource allocation, formulas create important incentives for institutional behavior. Since many of the factors that drive formulas reflect enrollment levels, formulas almost always create incentives for enrollment growth.
- The more homogeneous the institutions in a system, the simpler the formula can be. The more heterogeneous the institutions, the more complications are induced by attempts to reflect institutional differences.
- Formulas tend to become increasingly complicated in successive years as institutions succeed in adding features that reflect unique circumstances - and give them some advantage over competing institutions.
- If there is a discernible trend, it is away from the use of formulas.[19]

Base Funding with Annual Adjustments

The report states that the alternative to funding formulas is base funding with adjustments being made each budget cycle to reflect priority needs of the institutions and the particular interests and concerns of political leadership. According to ECS, factors usually taken into consideration are:

- cost of living increases;
- enrollment increases;
- programmatic enhancements;
- special initiatives as identified by either system leadership or political leaders; and

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[19] *Ibid.*, pp. 5 and 6.

- equity adjustments -- funding to recalculate the base at a new level to compensate for inequities that have crept into the system over time.[20]

Similarities and Comparisons of Formulas and Base-Plus Funding

The report explains that the methodology currently being used by the USM is in effect base-plus. According to ECS, formulas tend to give institutions more certainty about their share of the allocation. On the other hand, base-plus allocations allow the ground rules to change slightly during each allocation cycle. For this reason, base-plus approaches tend to lose credibility with institutions and systems. If a base-plus process is going to work, "the participants must understand -- if not necessarily agree with -- the rationale behind the allocation of new resources to the various components (cost-of-living, enrollment increases, enhancements, equity, etc.)" ECS contends that it is "failure at this point -- along with funding expectations that may be misaligned with reality -- that seems to be at the heart of unhappiness with the resource allocation process in Maryland."[21]

The Use of Peer Comparisons

The report states that it is fairly common to use data about funding levels at similar institutions elsewhere in the country to inform the resource allocation process. Peer data are mainly used to "calibrate" the resource allocation mechanism being used. Peer data are much less frequently used as an integral part of the allocation mechanism itself.

In the use of peer groups, "selection is a mixture of art and science. As a result, reasonable people will inevitably come to different conclusions about selection of certain institutions." Additionally, it is difficult to find peers for certain types of institutions. For this reason, ECS would recommend involvement of institutional representatives if these data are to be incorporated into a resource allocation process. "If the participants don't accept each other's peers, decisions based on the results will not be accepted."[22]

Comments on the Budget Process at USM

The report observes that the USM budget processes appear to focus heavily on allocating the anticipated funding increases available from the State. There appears to be less examination and discussion of the adequacy of total resources at the campus level. According to ECS, this framework is too narrow, since the amounts projected as available to address critical needs such as enrollment growth, mission enhancement, and equity are only partial and well below estimated needs.

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[20] *Ibid.*, p. 6.

[21] *Ibid.*, p. 7.

[22] *Ibid.*, p. 9.

ECS contends that a more complete plan for dealing with enrollment changes (size, mix of programs, non-campus delivery, etc.) appears necessary. In the past, adequate funding was not provided as a reflection of either MHEC recommendations or as a consequence of State fiscal conditions.[23]

It appears to ECS that a more comprehensive discussion and treatment are necessary with respect to the State's commitment to support research enhancements at UMCP and other campuses. For example, "in order to understand and evaluate the state's commitment to research enhancement, legislative bodies and others need to be fully apprised of how state funding blends with and leverages other support and how research contributes to meeting state and institutional priorities."

The report indicates that, "in general, the USM budgetary process appears to place a high premium on achieving predictability and stability in state funding within a relatively short (3-5 year) planning horizon. Such mid-term stability is desirable, but it can overshadow consideration of more immediate, substantive concerns as well as longer-term planning."

ECS concludes by observing that there is a tendency for irregular actions to "trump" the regular budget processes. "End runs" tend to "undermine both the credibility and effectiveness of regular planning and budget processes."[24]

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[23] *Ibid.*, p. 10.

[24] *Ibid.*, p. 11.

Findings and Recommendations

The Task Force set an ambitious schedule throughout the fall of 1998 in order to meet the January 1999 deadline. In an effort to fully understand the complexity of its charge, the Task Force held eight meetings, conducted four regional public hearings, and visited the campuses of the 13 constituent institutions of the University System of Maryland. After hearing from stakeholders and experts in higher education, the Task Force has identified the following issues and offers these recommendations.

Higher Education Goals

The Task Force was established to review the status of the University System of Maryland ten years after its creation in 1988. The 1988 legislation significantly restructured public higher education in Maryland and set goals for higher education. The broad goals for Maryland higher education are enumerated in Title 10 of the Education Article, known as the "Maryland Charter for Higher Education." The charter establishes the role of each governing unit in the higher education system and includes six guiding principles for public higher education: (1) quality; (2) accessibility; (3) diversity of educational opportunities; (4) adequacy of State financial support; (5) efficiency and effectiveness of management; and (6) capability and creativity in leadership. The charter also provides specific guidance on the purpose and goal of the University System of Maryland. §10-209 (a) and (b) of the Education Article provide:

"(a) The University System of Maryland shall provide through its various campuses and programs a continuum of educational services, including undergraduate education, graduate education, professional programs, and research.

(b) The goal of the University System of Maryland is to achieve and sustain national eminence with each component fulfilling a distinct and complementary mission."

Specific goals for public higher education are listed throughout the legislation and include the following:

- enhance the University of Maryland, College Park as the State's flagship institution;
- maintain and enhance a coordinated higher education center for research and graduate and professional study in the Baltimore area (University of Maryland, Baltimore and University of Maryland Baltimore County);
- encourage and support high quality undergraduate and teacher preparation programs;
- enhance the Historically Black Institutions;
- promote excellence at each campus;

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- recruit and retain nationally and internationally prominent faculty;
- promote economic development;
- stimulate outreach to the community;
- encourage collaboration among institutions;
- promote access for economically disadvantaged students;
- increase access, retention, and advancement of African-American students; and
- promote equal education and employment opportunities.

The 1988 legislation also set funding goals for higher education, including a minimum annual appropriation and a goal to provide 100% of the funding guidelines to be established by MHEC. More recently, in 1998 the General Assembly enacted legislation (Chapter 619/Senate Bill 596) to provide a minimum funding level for higher education and goals to provide 12.5% of State general fund revenues for higher education in fiscal 2000, increasing incrementally to 15.5% in fiscal 2004.

The 1988 legislation vested MHEC with responsibility to conduct statewide planning for higher education and to develop and periodically update an overall State Plan to identify present and future needs for postsecondary education, present and future institutional and segmental capabilities, and short- and long-range objectives and priorities for Maryland postsecondary education. MHEC was required to submit an annual review of the State Plan to the Governor and General Assembly; in 1994 this requirement was altered to biennial. MHEC approved the first State Plan in 1991 which was utilized as a blueprint for MHEC's programmatic initiatives. The plan was updated in 1998, when MHEC published *Educating for the 21st Century: The Maryland Plan for Postsecondary Education* in January 1998 and approved implementation tactics for the State Plan in October 1998.

Findings

In reviewing the 1988 legislation, the Task Force found that the goals identified ten years ago are still relevant and valid, and that each institution in the University System of Maryland has made progress during the past decade despite less State support than anticipated due to the economic recession of the 1990s. The Task Force recognizes that the 1988 legislation did not clearly prioritize the goals, and believes that some prioritization and modification of the goals in light of experience over the past 10 years and the changing marketplace for higher education is necessary.

Both the Association of Governing Boards of Universities and Colleges (AGB) and Education Commission of the States (ECS) commented in their reports to the Task Force on the need for greater emphasis on strategic planning for higher education in Maryland and that MHEC should be provided incentive funds to help meet statewide priorities and needs. AGB recommended that "by freeing MHEC from some of its regulatory functions, ... [MHEC] can address issues that affect Maryland's public and private institutions and work to create a compelling public agenda for higher education -- concentrated on a maximum of three or four priorities -- that will address the strategic needs of the state."[1] ECS observed that "What is most lacking in Maryland is a clear sense and articulation of how the essential parts of the postsecondary system fit together and the need to work together to meet the state and public needs more effectively."[2]

The Task Force reviewed the 1998 State Plan and found it a useful strategic planning document which identifies broad statewide needs and priorities. However, the Task Force learned that stakeholders in higher education in Maryland, including the Governor, members of the General Assembly, higher education leaders, and the public, were not sufficiently aware that the State Plan was being developed or approved. In addition, the Task Force felt that the State Plan did not contain sufficient detail to provide a complete framework and blueprint to guide higher education in Maryland.

Recommendations

The Task Force recommends that MHEC coordinate a strategic planning process that produces a State Plan with "buy in" from all major stakeholders, from the institution presidents up to and including the Governor. The State Plan should be the blueprint for higher education in Maryland, and the context for institutions in developing mission statements, programs, and budget priorities. The State Plan should be updated biennially and culminate in a State Conference on Higher Education hosted by the Governor to focus the public agenda on higher education. To kickoff the new strategic planning process, the Task Force recommends that the Governor convene a State Conference on Higher Education in 1999 to include public and private leaders; representatives of all institutions, including faculties, staff, and boards of visitors; members of the coordinating board and governing boards; and other interested stakeholders. The Task Force also recommends that MHEC receive "strategic incentive funding" to distribute to higher education institutions in support of statewide goals and priorities.

Despite the recession in the 1990s, public higher education in Maryland has made significant progress over the last decade. The Task Force believes that the goals of the 1988 legislation are still valid, and recommends some additional goals to meet the challenges of the current market and prepare for the next century. In

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[1] *Report to the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Association of Governing Boards of Universities and Colleges, November 11, 1998, p. 29

[2] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Education Commission of the States, November 11, 1998, p. 11.

addition, the Task Force recommends that while all of the goals are important, prioritizing them will provide guidance to decision makers when choices must be made. The Task Force further recommends that these goals and prioritization should not be adopted in law but rather as part of the State Plan in which they can be periodically reviewed and updated.

The Task Force affirms the original goals of the 1988 legislation and recommends the following additions (shown in *italics*), in priority order. Goals 1-8 refer to specific institutions and goals 9-15 refer to Maryland hgher education in general:

1. Enhance the University of Maryland, College Park as the State's flagship campus with programs and faculty nationally and internationally recognized for excellence in research and the advancement of knowledge; admit freshman to the campus who have academic profiles that suggest exceptional ability; provide access to the upper division undergraduate level of the campus for students who have excelled in completing lower division study; and provide the campus with the level of operating funding and facilities necessary to place it among the upper echelon of its peer institutions;

2. Maintain and enhance *an academic health center and* a coordinated higher education center for research and graduate and professional study in the Baltimore area (University of Maryland, Baltimore and University of Maryland Baltimore County) *with a focus on science and technology*;

3. *Enhance* and support high quality undergraduate, teacher preparation, *and masters* programs *at the regional comprehensive institutions, recognizing and supporting the very unique mission of each of these institutions*;

4. *Support Towson University as the largest comprehensive institution*;

5. Enhance the Historically Black Institutions *and recognize the unique role of University of Maryland Eastern Shore as the State's 1890 land grant institution*;

6. Encourage collaboration among institutions *for the benefit of the students*;

7. *Encourage and enhance higher education centers, such as the Shady Grove Center in Montgomery County, through the use of technology, as points of collaboration and access for underserved areas of the State*;

8. ***Recognize and promote the unique potential of University of Maryland University College to be a national and global leader in the new international marketplace of electronic and continuing education;***

9. **Promote excellence at each campus;**

10. **Recruit and retain nationally and internationally prominent faculty;**

11. **Promote economic development;**

12. **Stimulate outreach to the community;**

13. **Promote access for economically disadvantaged students;**

14. **Increase access, retention, and advancement of African-American students; and**

15. **Promote equal education and employment opportunities.**

In the area of funding to achieve the goals, the Task Force strongly recommends that the State's commitment in the 1998 legislation (Senate Bill 596) be considered a minimum funding floor, and that greater funding be provided up front to achieve the goals.

University System of Maryland Governance Structure

The current governance structure of the University System of Maryland (USM) was established in 1988 with the enactment of Chapter 246. Today, USM includes System Administration and 13 constituent institutions, including 11 degree granting institutions and two research centers:

Bowie State University
Coppin State University
Frostburg State University
Salisbury State University
Towson University
University of Baltimore
University of Maryland, Baltimore
University of Maryland Baltimore County
University of Maryland, College Park
University of Maryland Eastern Shore
University of Maryland University College
University of Maryland Center for Environmental Science
University of Maryland Biotechnology Institute

The System is governed by a 17-member Board of Regents (BOR) consisting of 16 members appointed by the Governor, with the advice and consent of the Senate, and

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the State Secretary of Agriculture as an ex officio member. The board elects a Chairperson from among its membership and appoints a Chancellor who serves as Chief Executive Officer of the System and staff to the Board of Regents. In addition, the board selects the presidents of the constituent institutions, usually with the advice of the institution's board of visitors.

Members of the boards of visitors are appointed by the presidents to provide advice, assist in community relations, and enhance institutional development. In addition, there are four advisory councils appointed by the Board of Regents:

- Council of University System Presidents;
- Council of University System Faculty;
- Council of University System Staff; and
- University System Student Council.

These councils serve in an advisory capacity to the Chancellor and may, from time to time, make reports and recommendations to the Board of Regents.

As articulated by those actively involved in the creation of the 1988 legislation, the System was envisioned as a highly decentralized organization with System Administration responsible for setting System-wide policies and parameters and facilitating coordination of the presidents within the the System and presidents responsible for managing institutional operations. The role of the System was to facilitate the achievement of State objectives, assist the institutions in meeting their goals, promote collaboration among institutions, and encourage efficient use of resources. The presidents were responsible for fulfilling the distinct missions of their institutions.

Findings

A strong majority of Task Force members believe that despite some shortcomings, the System adds value to the quality and goals of higher education in Maryland and should be fine tuned, not abandoned. However, the Task Force learned that System Administration is perceived as regulatory and institutional presidents do not feel empowered. The Task Force unanimously passed the following resolution: "It is the sense of the task force that the System should shift its focus from control and management of the institutions to facilitation, coordination, and assistance to the presidents. The principal mission of the System should be to support, facilitate, and encourage the presidents in meeting the goals and objectives of the System and State."

Additionally, there were concerns expressed about the roles of the Council of University System Presidents and the boards of visitors. There was general consensus that the Council of University Presidents and the boards of visitors should have greater access to the USM Board of Regents.

The Association of Governing Boards of Colleges and Universities (AGB) reported that "the State's structure is not in disarray and remains responsive, but it is operating under structural handicaps that need to be addressed." Among these handicaps, AGB sited bureaucratic overlap and over-regulation. AGB warned that postsecondary education in Maryland will face increased competition from universities operated by for-profit corporations and virtual universities offering degrees via the Internet. "How Maryland deals with this new competitive situation will depend largely on the currency and adequacy of its own technology and the ability and motivation of its institutions to innovate and experiment."[3]

An observation of several experts who testified to the Task Force that seemed to resonate with members was the importance, in any governance system, of good leadership. Competence, community respect, effective communication skills, and credibility are important traits for leaders at all levels. Good leadership and proper funding are critically important in making any governance system work.

In addition, AGB commented on the value of the boards of visitors. "Institutional boards...can help raise private funds and provide advocacy and valuable leadership for campus decision making. But in Maryland, a degree of confusion exists regarding the boards of visitors, particularly in regard to advocacy and accountability."[4]

Recommendations

The Task Force supports a single governing board for USM as defined in the 1988 law and envisioned by those involved in its creation. Although some testimony recommended that institutions be allowed to leave the System, the Task Force disagreed. No institution should be allowed to leave the System because the Task Force believes that each institution can achieve its mission, and specifically that the University of Maryland, College Park can achieve the goals of "flagship status," within the current structure.

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[3] *Report to the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Association of Governing Boards of Universities and Colleges, November 11, 1998, pp. 4 and 13.

[4] *Ibid. p. 9*

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However, the Task Force recognizes that the System is not functioning as envisioned. The appropriate role of System Administration is facilitation rather than regulation; and institutional presidents must have significant autonomy to become entrepreneurial leaders. The Task Force recommends that USM adopt the structural paradigm envisioned in 1988 by empowering the institutional presidents, facilitating rather than regulating their activities, and holding them accountable using measurable performance standards appropriate to each individual institutional mission.

In addition, the Task Force recommends that the Council of University System Presidents assume an active role in advising the Board of Regents in a substantive capacity rather than in a ceremonial way. To achieve this end, the Council of University System Presidents should meet regularly with the Board of Regents on a formal and informal basis.

The Task Force acknowledges that the members of the boards of visitors are invaluable advisors to the presidents and strong advocates for their institutions, including the raising of private funds. Therefore, the Task Force recommends that the System search for ways to develop closer working relationships with the boards of visitors. The boards of visitors should meet periodically with the Chancellor and the Board of Regents. In addition, the Task Force recommends that members of boards of visitors serve on various Regent committees and actively participate in all searches for new campus presidents.

Budget Review, Approval, and Submission

In accordance with the 1988 Act, each institutional president formulates an annual operating budget request and a list of proposed capital projects which are submitted to the USM Board of Regents. In consultation with the Chancellor and the institutions, the Regents review and modify these requests and approve a System operating and capital budget request. The System's request is simultaneously submitted to the Governor and General Assembly and to the Maryland Higher Education Commission (MHEC), which reviews all budget requests for postsecondary public institutions within the context of statewide funding priorities and needs for higher education. In consultation with the Department of Budget and Management, MHEC compiles a consolidated operating budget for higher education which is presented to the Governor and the General Assembly. In addition, MHEC provides comments and recommendations to the Department of Budget and Management, the Governor, and the General Assembly concerning higher education capital projects.

With respect to the System's operating budget, MHEC may comment on the funding priority of an institution as a whole, but may not comment on a separate unit of an institution. In addition, MHEC may not request any segment or institution to prepare a detailed budget presentation that tends to duplicate other presentations required in the budget process.

Findings

Despite these restrictions, the Task Force learned that MHEC's authority in the budget process appears to overlap with the authority of the Board of Regents. AGB reported that "MHEC's regulatory authority over System institutions could be phased out, thus enabling MHEC to be more of a policy coordinating board (and much less a regulatory body, in regard to the System)." AGB recommended that MHEC review and comment on the System's operating and capital budget requests "within the broader context of the State's strategic agenda."[5]

The Education Commission of the States (ECS) opined that "MHEC should develop the funding framework for all institutional funding (community colleges and private institutions as well as USM)...[and]...USM should exercise responsibility for the distribution of funds to institutions within the System."[6]

Recommendations

The Task Force supports the current budget process with the following clarification. Consistent with current law, MHEC should be responsible for providing recommendations on the appropriate level of funding for higher education in order to achieve the goals established in the State Plan. In addition, MHEC should review and comment on the System's operating budget request and proposed capital projects within the broad context of the State Plan for higher education. However, MHEC should not have the authority to disagree with a budget item approved by the Board of Regents unless that item is clearly inconsistent with the State Plan for higher education.

Institutional Mission Statements

The presidents of the USM institutions prepare mission statements in accordance with the following details specified in §11-303 of the Education Article:

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[5] *Ibid. pp. 28 and 29.*

[6] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Education Commission of the States, November 11, 1998, pp. 11 and 12.

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- specific short and long-range goals and measurable objectives to be achieved, including graduation and retention rates and equal opportunity goals;
- level of academic degrees offered;
- fields of academic degrees offered;
- characteristics of students and other populations to be served;
- characteristics of faculty;
- a list of institutional peers;
- areas of research activity;
- areas of service activity, including economic development and services to the public schools; and
- other items as required by MHEC.

The mission statements prepared by the presidents are submitted to the Board of Regents for review and adoption. The Board of Regents send the adopted statements to MHEC for final review and approval. If MHEC does not approve a mission statement, it is returned with MHEC's objections to the Board of Regents.

Consistent with statute, institutional mission statements were prepared by the presidents, adopted by the Board of Regents, and approved by MHEC in 1989 and 1993. In early 1998, the Commission initiated the process again. However, USM requested that the process be delayed pending the recommendations of this Task Force.

Findings

The Task Force discussed MHEC's role in the development of mission statements. AGB reported that MHEC should not have approval authority for institutional mission statements. "If the Regents are to be held accountable to fulfill the mandates of the 1988 legislation, they should be given the authority to do so. Lack of clarity in the roles of governing board (Regents) and the coordinating board (MHEC) detracts from clear lines of accountability and diminishes the authority of the governing board.... The Regents should have the sole responsibility for the development and approval of institutional missions."[7]

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[7] *Report to the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Association of Governing Boards of Universities and Colleges, November 11, 1998, Appendix A, pp. 7 and 8.

However, ECS reported that MHEC should retain this responsibility. "USM necessarily shares decision authority with MHEC, creating the necessity for delimiting the boundaries of the responsibility and authority of each. For example, MHEC should be responsible for decisions about changes in institutional mission, while USM [should be]...responsible for programmatic changes within approved missions."[8]

The Task Force also discussed the statutory requirements concerning the scope of the mission statements. Some institutional presidents testified that the mission statements should be shorter and less specific to permit their institutions to respond more quickly in a dynamic environment.

Recommendations

The Task Force believes that final adoption of mission statements should be the purview of the governing boards. However, the Task Force also recognizes that institutional mission statements should lend support to the State Plan for higher education. Therefore, MHEC should have a role in reviewing these statements to ascertain that the statements are consistent with the State Plan. If MHEC determines that a mission statement is not consistent with the State Plan, the statement should be returned to the governing board with comments detailing all areas of inconsistency.

The Task Force also believes that mission statements must evolve to reflect environmental and market conditions. Therefore, it may be inappropriate to specify the contents of a mission statement in statute. The Task Force recommends that the specifications outlined in §11-303 of the Education Article be deleted and that MHEC, with the assistance of the institutional presidents, periodically develop a format for mission statements germane to the existing environment.

Academic Program Approval and Elimination

In accordance with the 1988 Act, MHEC reviews all proposals for new academic programs and all requests to substantially modify existing programs. With respect to public institutions, MHEC either approves or disapproves program proposals. With respect to non-public institutions, MHEC either recommends that the proposal be implemented or that the proposal not be implemented. If a non-public institution implements a new program contrary to the Commission's recommendation, MHEC may recommend a reduction in State financial aid under the Sellinger formula, if applicable. Appendix 7 provides a summary of MHEC's academic program review and approval process.

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[8] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland*, Education Commission of the States, November 11, 1998, p. 12.

In reviewing new program proposals, MHEC takes into consideration the State's *Plan to Assure Equal Postsecondary Education Opportunity (1985-89)*. This plan was developed by MHEC at the direction of the U.S. Department of Education, Office for Civil Rights which found that Maryland had not done enough to affirmatively dismantle its segregated system of higher education or to meet its obligations to provide equal educational opportunities. In reviewing new program proposals, MHEC is also cognizant of the U.S. Supreme Court ruling in *U.S. v. Fordice (1992)*. In that case, the Supreme Court ruled that, if a state perpetuates policies and practices traceable to its prior dual system that continue to have segregative effects - whether by influencing student enrollment decisions or by fostering segregation in other facets of the university system - and such policies are without sound educational justification and can be practicably eliminated, the policies violate the Equal Protection Clause of the U. S. Constitution, even though the state has abolished the legal requirement that races be educated separately and has established racially-neutral policies. The Supreme Court cited "widespread duplication of programs" at historically black and historically white universities as one of several Constitutionally suspect aspects of Mississippi's higher education system.

In accordance with current State statute, MHEC is responsible for reviewing academic programs to determine if the programs are unreasonably duplicative or inconsistent with an institution's adopted mission. If MHEC determines that a program is unreasonably duplicative, it may make a recommendation to the governing board to modify the program, require the governing board to submit a plan to resolve the duplication, or negotiate with the governing board until the unreasonable duplication is eliminated. Before eliminating a program, each institution of postsecondary education must provide written notice to MHEC specifying the name of the program and the expected date of discontinuation.

The USM Board of Regents, in consultation with the Chancellor, is responsible for reviewing and approving each new program proposed by a member institution. The Regents must also review existing programs that are substantially expanded, curtailed, or discontinued. In addition, the Regents must determine if any programs at its member institutions are inconsistent with the institution's mission, unproductive, or unreasonably duplicative. Appendix 8 provides a summary of USM's academic program review and approval process.

Findings

The Task Force received many comments from presidents on the lengthy process involved in receiving approval of proposed new programs. Although MHEC has recently streamlined its process to provide approval within 45 days, the duplication of new program review is unnecessary, overly bureaucratic, and inhibits institutions from responding to the needs of the citizens.

AGB cited the new academic program approval process and the review of existing programs as two of the most problematic overlaps between MHEC and USM. "The current structure overregulates higher education and constrains institutions from the kinds of entrepreneurial initiatives that should be encouraged.... An accelerated process is needed ...to deliver new academic programs to the marketplace quickly and with less emphasis on and concern about duplication and competition.... Given the futility of regulating duplication, MHEC should not have any authority to approve new programs or to review existing programs offered by USM institutions."[9]

Recommendations

In the spirit of autonomy, the Task Force recommends that each USM president be granted the authority to establish new programs and abolish existing programs consistent with the institution's approved mission statement and within existing resources. Initially, this authority should be granted for three years. To assist in this process, the presidents must develop mission statements that are specific enough to drive the program approval process. Any programs created or abolished by the presidents must be reported to the Board of Regents and MHEC. The Board of Regents should be responsible for ensuring that all new programs established by the USM presidents are within the scope of the institution's mission statement and within the institution's existing resources. MHEC should be responsible for assuring that new programs do not violate the various equal educational opportunity obligations under State and federal law, including Title VI of the Civil Rights Act. If MHEC determines that a proposed program is in conflict with the State's equal education opportunity obligations, it must notify the institution and the Board of Regents stating its concerns. The institution must work with MHEC to resolve these concerns before implementing the proposed program.

As an oversight function, MHEC should identify programs that are inconsistent with the State Plan and should maintain its authority to identify low productivity programs and bring that information to the attention of the institution

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[9] *Report to the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland*, Association of Governing Boards of Universities and Colleges, November 11, 1998, pages 14 and 32, and Appendix A, p. 8.

presidents. MHEC should work with the System to identify a definition and accepted criteria for "low productivity." In addition, MHEC should monitor the program approval process and report annually to the Governor, the General Assembly, and the Board of Regents on the nature and extent of any program duplication or proliferation. Prior to the end of the third year, MHEC should submit a report to the Governor and the General Assembly on the impact of this policy on the quality and accessibility of postsecondary education in Maryland and on any increased costs due to duplication of programs.

The Task Force recognizes that the revised program approval process for USM institutions creates an inconsistency in that Morgan State University and St. Mary's College must continue to submit requests for new academic programs to MHEC for its approval. In addition, the private institutions must submit new academic programs to MHEC for its review and recommendations. No recommendations were made to address these inconsistencies because the purview of this Task Force was limited to the University System of Maryland.

Flexibility in Management Functions

Current Law

Under current law, the University System of Maryland is a State agency that is subject to State procurement law, policies, and procedures. As one of the eight primary procurement units in the State, however, the USM has been delegated significant procurement authority and may engage in the procurement of supplies, services, construction, construction related services, and leases of real property for the System. Service, construction, and maintenance contracts in excess of $100,000, as well as capital expenditure projects, require review and approval by the Board of Public Works. Approval of the Department of Budget and Management is required for administrative information technology contracts that exceed $25,000. For USM public improvement projects, regardless of the source of funds, for architectural and engineering services costing less than $100,000, the Department of General Services (DGS) is required to make the procurement, and for architectural and engineering services exceeding $100,000, DGS is required to make a recommendation for the award of the contract. For public improvement projects financed in whole or in part with State funds, additional procedures, involving DGS, apply. For any public improvement project funded solely from funds other than State general funds or the proceeds of a general obligation bond loan, the University is responsible for procuring public improvement services and for planning and managing all aspects of the project.

In the area of personnel management, current law requires the USM Board of Regents, with the involvement of the Chancellor and the presidents, to establish general standards and guidelines governing the appointment, compensation, advancement, tenure, and termination of all faculty and administrative personnel in the University System of Maryland. The standards and guidelines are required to recognize the diverse missions of the constituent institutions. Subject to these standards and guidelines, a president may prescribe additional personnel policies and approve individual personnel actions affecting the terms and conditions of academic and administrative appointments. The USM has developed personnel policies and procedures which generally provide a structure and broad guidelines for the institutions to follow, granting authority to the institutions to operate within that framework. For example, the System sets forth employee classifications such as professor, associate professor, assistant professor, and instructor and minimum and maximum salary ranges associated with each classification, and individual institutions are free to set salaries for specific employees within the guidelines. Additionally, the USM has delegated complete authority to the presidents of the individual institutions to develop their own recruitment and selection policies.

Since 1995 the presidents of the constituent institutions and the Chancellor of the USM have been authorized to create any position within existing funds available to the University and the System Administration, respectively, to the extent the cost of the position, including the cost of any fringe benefits, is funded from existing funds. The total number of positions authorized, however, may not exceed the number authorized annually in the State budget bill. This authority is set to terminate on June 30, 1999.

The University System of Maryland has its own personnel system outside the State Personnel Management System. After appointment, employees in positions designated by the USM shall be regarded and treated in the same manner as skilled service or professional employees, with the exception of special appointments, in the State Personnel Management System. Additionally, USM has its own separation and grievance procedures; however, the Secretary of Budget and Management has the authority to make the final decision in step three of the grievance procedure.

Management Flexibility Instituted in Other States

Many of the proponents of increased management flexibility for USM suggested that the Task Force look to the efforts of other states for guidance. A review of other states' laws, policies, and research reports reveals a movement toward examining the issues of increased management flexibility for public colleges and universities. The form of increased management flexibility varies widely. Many states delegate procurement and personnel authority to the institutions in a manner that is very similar to Maryland law governing the University System of Maryland. Some states exempt institutions from the procurement law for a discrete category of contracting authority. Others, such as North Carolina, have exempted specially designated institutions from some of the administrative regulatory processes of state government. States, such as Arizona, that have exempted a Board of Regents from state procurement law require the board to adopt rules and regulations that are substantially equivalent to the policies and procedures prescribed in the procurement law. In 1998 the Hawaii legislature granted the University of Hawaii increased autonomy in the area of procurement of goods, services, and construction if consistent with the goals of the Public Procurement Code. Where possible, however, the university is encouraged to use the provisions of the Public Procurement Code.

In states that have made their university systems public corporations, a review of the laws and policies governing those systems reveals that varying degrees of management flexibility have been granted. For example, the Board of Regents of the University System of Georgia is constitutionally created and constitutionally given the authority to "control, govern, and manage" the University System of Georgia. The University System of Georgia has complete autonomy in personnel matters and voluntarily abides by the state's procurement regulations. In Illinois, the state universities and colleges are quasi public corporations with their own legal counsel, personnel systems, and Boards of Trustees. The institutions are considered state agencies and must comply with the same procurement laws as other state agencies with some recognition of the different circumstances of a university. In New Hampshire, the University System of New Hampshire, consisting of three universities, is a corporation with the articles of incorporation set out in statute. The system has its own procurement policies and regulations, its own personnel system, and its own retirement plan for system employees. Certain core administrative services such as personnel and purchasing are centralized.

Recognizing the unique nature of higher educational institutions working in health care services, states have begun to grant more autonomy to health sciences colleges and universities. For example, in Oregon the legislature considered legislation in 1995 to make the whole university system a public corporation, but in the end, limited this authorization to the Oregon Health Sciences University only. On a pilot basis, the rest of the university system was granted autonomy that year in the areas of procurement, personnel, and payroll with a report required on the effects on efficiency and the budget. Similarly, in 1996, the Virginia General Assembly granted the University of Virginia Medical Center additional authority in the areas of personnel and procurement management. Employees of the University of Virginia Medical Center are exempt from the Commonwealth's personnel law; however, any changes in compensation plan for these employees are subject to the review and approval of the Board of Visitors of the University of Virginia. The University of Virginia is required to ensure that its procedures for hiring University of Virginia Medical Center personnel are based on merit and fitness. These employees remain subject to the grievance procedures set forth in Virginia's personnel law. Additionally, contracts awarded by the university, on behalf of the Medical Center, for the procurement of goods, services, including professional services, and construction are exempt from most of the requirements of the Virginia Public Procurement Act, except the review and approval of contracts for the construction of Medical Center capital projects. This authority was contingent, however, on the adoption of guidelines by the Board of Visitors governing the procurement of goods, services and construction by the Medical Center or by the University on behalf of the

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Medical Center. The guidelines (which have been adopted as regulations) were required to be based upon competitive principles and shall in each instance "seek competition to the maximum practical degree."

Findings

Several USM institutions brought to the attention of the Task Force the issue of current statutory and regulatory requirements for various administrative functions of the institutions, including procurement and personnel, which the institutions believe are cumbersome and inhibit the efficient administration of their campuses. For example, the president of the University of Maryland, Baltimore stressed the need for flexibility in using State funding as efficiently as possible and proposed numerous changes to State law which would authorize UMB to establish its own policies on procurement, property leasing and land acquisitions, architectural and engineering services, personnel, and information technology needs. UMB's justification for flexibility was based on the uniqueness of its campus, its complicated relationships with the health care industry, and its reliance on increasingly scarce patient care revenues to balance its budget. To function in a highly competitive marketplace, the president of UMB stated that the management of the campus needs to be nimble. Similarly, representatives of the University of Maryland, College Park advocated greater autonomy for its procurement, personnel, and information technology functions. According to UMCP, the voluminous procurement code and regulations, as well as System policies, provide virtually no flexibility to acquire goods and services consistent with the time line for the UMCP's research enterprise needs. In the consensus statement of the presidents of the constituent institutions of the USM, the presidents recommended establishing the University System of Maryland as a public authority or corporation and authorizing the Board of Regents, as the corporate board, to develop policies governing these management functions which recognize the unique circumstances of each institution in the USM.

In its report to the Task Force, the Association of Governing Boards of Universities and Colleges noted the unique needs of UMB and UMCP as well as other institutions in USM and recommended that the USM and the State consider "regulatory relief and enhanced flexibility" in the laws and policies governing personnel, procurement, facilities management, and financial management of institutions in the USM.[10]

Summary of Findings

The Task Force determined that the institutions in the University System of Maryland need additional flexibility in conducting their management functions. At the

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[10] *Ibid. pp. 30 and 31.*

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time of enactment of the 1988 legislation, it was envisioned that the institutions would have a greater ability to manage their administrative functions. Since then, the environment and marketplace in which higher education operates has changed, and although several incremental changes to the personnel and procurement authority of the USM have been made, the Task Force believes that additional changes which streamline administrative procedures would be beneficial to the ability of the USM to operate in an entrepreneurial manner.

Recommendations

The Task Force endorsed the concept of making the University System of Maryland a public corporation with greater flexibility than its current status. Recognizing that simply making the USM a public corporation would not have any significant impact on the operations of the university, the Task Force requested that staff prepare a draft proposal of the changes in law that would be necessary to change the status of the USM from a State agency to a public corporation and which identified various policy options in the areas of procurement, personnel, and information management (see Appendix 9).

USM Reporting Requirements and Data Collection

In the 1997-1998 school year, the USM institutions were required to file 15 reports with federal agencies, 9 reports to the Governor and the General Assembly, and 41 reports to MHEC. In addition, MHEC was required to submit 16 reports to the Governor and the General Assembly concerning statewide higher education issues. (A list of these required reports is included as Appendix 10.)

Findings

The Task Force is concerned about the overwhelming number of reports required of USM institutions and the costs of complying with these requests. Frostburg State University reported that it dedicates 12 full-time equivalent employees to prepare reports for various agencies at a cost of $742,000 annually. Many of these reports include the same data; however, institutions must develop individual reports to comply with specific formatting requirements. The Task Force discussed the feasibility of eliminating redundant reports and creating a relational database to minimize the burden on USM institutions.

Recommendations

The Task Force recommends that the Governor appoint a group to conduct a thorough review of higher education reporting requirements with the goal of reducing the number of required reports to a minimum. The group should consider eliminating redundant reports, consolidating similar reports, and developing a relational database capable of generating reports in various formats. When appropriate, the group should recommend changes in State statute, COMAR regulations, and System policies to achieve this desired result.

Funding

The 1988 legislation required MHEC, in consultation with the segments of higher education, to develop funding guidelines to assess the adequacy of operating and capital funding based on comparisons with institutions designated as peer institutions and other factors. The legislation further set a goal of funding higher education at 100% of the guidelines beginning in fiscal 1991. These funding guidelines have not been developed. The existing guidelines are out of date, based on guidelines developed in 1984 by the State Board of Higher Education. In the fall of 1998, MHEC hired a consultant, MGT of America, Inc., to make recommendations on developing operating budget guidelines for public, four-year institutions. MHEC has not yet begun the process of reviewing the consultant's recommendations or the public discussion and consultations with the segments of higher education necessary before new guidelines are adopted.

In the absence of MHEC funding guidelines, the USM Board of Regents has developed methodologies to allocate State general funds to institutions. In 1996 the Board of Regents adopted Vision III, a policy which called for increased State funding and a process for allocating funds to institutions over a four-year period. The policy has since been expanded by two years. Vision III has numerous components which relate to the needs of the institutions. General funds are allocated to the institutions based on need or according to a specific methodology, depending on the component, such as:

- faculty salaries, based on percentile ranking among peer institutions;
- operating costs of new facilities, based on type of facility and institution;
- academic revenue bond debt service, based on level of debt; and
- technology in program delivery, based on size of institution.

The USM presidents then develop their operating and capital budget requests based on their allocation of funds from the Board of Regents.

Findings

The Task Force recognizes that revenues available to an institution include a combination of State funds, tuition and fees, grants and contracts, and other revenues. Decisions on funding should be made on the basis of total available revenues. After examining state-level and comparison data, ECS found that "...while somewhat below average on direct state appropriations to higher education, when tuition revenues are added and the relative wealth and economic conditions of the state are taken into account, overall Maryland has provided neither unusually high or unusually low support for higher education over the past decade or more." In terms of tuition policies, ECS noted that "tuition policies in Maryland reflect a set of practices that are closer to high tuition states, despite a stated policy to maintain 'moderate' rates."[11] The Task Force notes that while ECS found that in total Maryland higher education funding is about average, State funding is below average and should be increased.

Vision III is a complex policy which combines a number of methodologies and calculations to reach the bottom line. The Task Force requested and received information on Vision III and the Regents budget allocation process on numerous occasions, yet the policy and process are still not clear. In addition, the Task Force finds that major stakeholders, including USM presidents, the General Assembly, and the Governor, also do not completely understand or support the allocation process currently used by USM. Specifically, there is concern that the allocation does not adequately address past and projected enrollment growth. On the USM budget allocation process, ECS noted that "Elaborate processes are used to determine and allocate resources for institutions. But these processes have the appearance of being overly bureaucratic, rather than open and supportive of institutional needs. Allocative processes that make participants feel dissatisfied are bound to produce bad results."[12]

ECS recommended that a base-plus approach to allocation be used with the following structure, similar to the structure currently used by USM:

- base funding;
- enrollment changes;
- equity adjustments;
- program/mission enhancements; and
- System initiatives.

While ECS found the structure used by USM is generally appropriate, it noted that "the process by which the methodology is employed leaves room for improvement."

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[11] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Education Commission of the States, Nov. 11, 1998, pp. 4 and 5.

[12] *Ibid. p. 10.*

Specifically ECS recommended that an explicit rationale be developed for funding requested in each category; priorities be assigned to these categories; and finally, that "...the presidents be involved in the decision making process in a meaningful way."[13]

Recommendations

The Task Force strongly recommends that MHEC develop operating and capital budget funding guidelines, in accordance with its responsibilities under the 1988 legislation, based on current and aspirational peer institution comparisons and other appropriate factors. MHEC should develop these guidelines as a collaborative process, in consultation with the segments of higher education and with appropriate public discussion, as soon as possible in 1999. These guidelines should calculate an adequate base budget for each four-year public institution. The guidelines must be viewed as logical and fair by most institutions. As soon as the funding guidelines are approved by MHEC, these guidelines should be used to assess the State's funding of higher education. Every effort should be made to have the guidelines ready for use in the next budget cycle.

The Task Force urges the State to strive to fulfill the 1988 goal of providing 100% of the funding guidelines, recognizing that the State may not be able to achieve this goal. The Task Force reiterates its recommendation that the 1998 higher education funding legislation be considered the minimum State commitment to higher education for the next five years and beyond, and urges that additional funding be provided earlier in the five-year commitment to provide each institution with greater resources up front to achieve its mission. The importance of a commitment to long-term stable funding of higher education cannot be overstated.

Until the funding guidelines are developed, and for no more than two years, to address immediate funding concerns the following steps are recommended to be included in a fiscal 2000 supplemental budget:

(A) **provide a minimum funding level of $5,000 per Full-Time Equivalent Student (FTES) to each degree granting USM institution except UMUC (see Exhibit 4). UMUC began receiving State funding again in fiscal 1997, and UMUC's level of State support is calculated very differently from the other 10 degree granting institutions. The $5000/FTES is not an enhancement but a remedial step to establish a temporary floor while the 1999 funding guidelines are being developed. While the temporary floor does not apply to UMUC, the**

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[13] *Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland,* Education Commission of the States, December 2, 1998, pp. 12 and 13.

Task Force believes it is critically important to calculate a 1999 funding guideline for UMUC that assesses the adequacy of the current funding plan for UMUC and that recognizes the priority recommended by the Task Force and UMUC's unique potential in the future;

(B) provide a minimum funding level of $12,284 per FTES in fiscal 2000 and $13,443 per FTES in fiscal 2001 to University of Maryland, College Park (UMCP), in recognition of its status as flagship institution, to start the process of bringing UMCP into funding parity with its aspirational peers (see Exhibit 5); and

(C) provide as the next priority for budget enhancements, in accordance with the Task Force's recommendations (*see page 92*), additional funding to the research center in the Baltimore area, consisting of the University of Maryland, Baltimore (UMB) and the University of Maryland Baltimore County (UMBC), to assist each institution in moving toward parity with its peer institutions and achieving its unique mission: UMB, as the State's public academic health center and graduate and professional studies university, which must meet the challenges of a rapidly changing health care market while continuing to provide care to the State's neediest citizens; and UMBC with its emphasis on science and technology across diverse academic disciplines. Specifically, the Task Force recommends an additional $7 million for UMB and an additional $5 million for UMBC.

The above allocations are needed to get a head start on serious deficiencies. However, the calculation of a funding base or funding guidelines for all institutions should be treated as an urgent matter because this will be the basis to move the entire System forward to meet the goals of higher education in Maryland.

In addition to the incentive funding already recommended for MHEC, the Task Force supports providing the USM Board of Regents with funding to encourage mission accomplishment.

The presidents expressed a desire to have more autonomy to set tuition rates to respond to market demand. Although no specific recommendations are made in this area, the Task Force raises a cautionary note that changes in tuition, however approved, should be monitored carefully to ensure there is no adverse impact on the goals of accessibility and affordability.

In the area of the capital budget, the Task Force realizes that institutions' capital needs far exceed the current debt capacity of the State and System. The

Task Force encourages the State to develop innovative solutions to address these capital needs, such as financing a $150 million capital trust fund with mandatory student fees or establishing a public building authority, and urges the institutions to explore opportunities for public-private ventures.

Exhibit 4

Estimated Cost of $5,000 Funding Floor for USM[14]

According to the fiscal 2000 budget request of the USM, there will be two institutions which will fall below the $5,000 floor. The budget request is based on two components: the budget request documents prepared in August 1998 and the "second list" request prepared in the fall. The second list request consists of items above the base funding needs established in the Vision III funding plan. It consists of the Flagship Initiative at UMCP, funds for the Downtown Baltimore Center, and additional funds for UMBC and the comprehensive institutions. With the exception of funding for fund-raising efforts at the institutions, MHEC recommended approval of the request, including the second list request. Below are the USM degree granting institutions which are estimated to fall below the recommended $5,000 general fund support per FTES level. The FTES projections are MHEC's estimates for fiscal 2000.

Institution	FY 2000 General Fund	Projected FTES	GF/FTES
Towson University	$56,942,338	12,539	$4,541
Salisbury State University	24,297,736	5,010	4,850

For the two institutions to reach the Task Force's recommendation of a $5,000 per FTES funding floor, the following additional funds would be needed in fiscal 2000:

Institution	GF/FTES	Funding Floor	Funds Needed
Towson University	$4,541	$5,000	$5,755,401
Salisbury State University	4,850	5,000	751,500
Total			**$6,506,901**

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[14] Includes USM degree granting institutions except UMUC.

Exhibit 5

Estimated Cost of UMCP Funding Floor

At the Task Force's December 22 meeting, UMCP proposed a four-year plan raising total appropriations based on Integrated Post-Secondary Education Data Systems (IPEDS) funding/FTES, recognizing it as the only national data available for aspirational peers comparisons. UMCP's aspirational peers include: University of California, Berkeley; UCLA; University of Michigan; University of Illinois; and University of North Carolina Chapel Hill. The Task Force approved a funding increase based on this proposal. However, to achieve GF/FTES figures consistent with the methodology used by the Department of Budget and Management and the General Assembly for all institutions, the figures were revised using MHEC enrollment projections. The estimated cost of the enhancement remains the same.

The estimated cost of the funding floor recommended by the Task Force in fiscal 2000 based on the USM budget request is:

	FY 2000
UMCP FTES (MHEC estimate)	25,228
GF/FTES recommended by Task Force	$12,284
General funds needed to reach GF/FTES	$309,900,000
Estimated FY 2000 general funds	$300,800,000
Estimated cost in FY 2000	**$9,100,000**

The cost of implementing the recommended funding level in fiscal 2001 based on USM's Vision III Funding Plan is:

	FY 2001
UMCP FTES (MHEC estimate)	25,232
GF/FTES recommended by Task Force	$13,443
General funds needed to reach GF/FTES	$339,200,000
Estimated FY 2001 general funds	$328,300,000
Estimated cost in FY 2001	**$10,900,000**

Fund Raising

The Private Donation Incentive Program (PDIP) was effective July 1, 1989 through June 30, 1997. The program, which was designed to promote private fundraising, required the State to provide funds to four-year public higher education institutions and community colleges receiving eligible private donations. The program provided State funding in an amount equal to: the first $250,000 of eligible pledges; one-half of the next $1,000,000 or any portion thereof; and one-third of the amount in excess of $1,250,000. The program limited State funding to:

- $250,000 for each community college;
- $1,250,000 each for the University of Maryland, College Park and the University of Maryland, Baltimore; and
- $750,000 for each other eligible institution.

Findings

PDIP was successful. Over its life, the program increased the endowment funds of public two- and four-year institutions by approximately $47 million. Many institutions, especially the community colleges, had not previously had aggressive campaigns to solicit private support. Although legislation was introduced to extend the program, it was not enacted by the General Assembly due to competing higher education needs.

During the 1998 legislative session, Senate Bill 339 was enacted creating the Innovative Partnerships for Technology, modeled after PDIP. This legislation provides matching State grants (not to exceed $200,000 during each eligibility period) for private donations dedicated to technology enhancements at specified State community college campuses.

Recommendations

The Task Force supports the re-establishment of the Private Donation Incentive Program with State funds to be used to promote excellence in higher education.

Foundation Activities

The University System of Maryland and its institutions have relationships with 21 affiliated foundations, including seven foundations affiliated with the University of Maryland, College Park; two foundations affiliated with the University of Maryland, Baltimore; and one alumni association. These foundations are incorporated charitable organizations established to benefit their respective universities. The following five universities have institutional foundations:

- Coppin State College;
- Frostburg State University;
- Salisbury State University;
- Towson University; and
- University of Baltimore.

The University of Maryland Foundation, Inc. (UMF) provides a complete array of business and investment services to eight foundations affiliated with the following institutions:

- Bowie State University;
- University of Maryland, Baltimore;
- University of Maryland Baltimore County;
- University of Maryland Biotechnology Institute;
- University of Maryland Center for Environmental Science
- University of Maryland, College Park
- University of Maryland Eastern Shore; and
- University of Maryland University College.

Although these institutions retain full responsibility for fund raising, UMF manages foundation assets and provides philanthropic support. In addition, UMF has entered into agreements to manage endowment funds for five foundations and one alumni association affiliated with other USM institutions. UMF is an independent corporation that supports its own staff and operating expenses at a cost of about one cent for every dollar of income. Currently, UMF manages assets of $325 million for the foundations. Over the past three years, UMF's average return on investments has been slightly more than 20%.

Findings

During the deliberations of this Task Force, Dr. C. D. Mote, Jr., President of the University of Maryland, College Park (UMCP), expressed his desire for UMCP to have an institutionally based "dependent" foundation as opposed to the current "independent" foundation. A dependent foundation utilizes the staff employed by the university, raises money, and invests assets. All gifts from the foundation flow through the university accounts. An independent foundation employs its own staff, invests assets, provides support for fund raising, but is not responsible for fund raising. In addition, funds from an independent foundation do not flow through the university accounts. Because an institutionally based dependent foundation is exclusively focused on the campus, Dr. Mote argued that this structure is more conducive to fund raising. A corollary benefit of such dependent foundations is that the transactions would be subject to legislative audit.

In the fall of 1998, the Board of Regents established a special committee to take an in-depth look at all USM affiliated foundations and fund raising activities. Based on the work of this special committee, the Board of Regents will submit recommendations to the Governor and the General Assembly in February, 1999.

Recommendations

The Task Force believes that a "dependent" foundation could have significant value for USM institutions and deserves careful consideration. Therefore, the Task Force supports the Board of Regent's appointment of a special committee to study this issue. The Task Force recommends that the special committee and the Board of Regents submit a report with recommendations to the Governor and the General Assembly in time for consideration during the 1999 legislative session. In addition, the Task Force encourages the Board of Regents to involve the USM presidents in their deliberations and to ensure their support of any resulting recommendations.

Technology Initiative

In January 1998 the Governor signed an executive order creating the Commission on Technology in Higher Education which focused its efforts on evaluating the technology infrastructure needs of the State's higher education community. The final report of the commission was not made available until shortly before the Task Force concluded its deliberations.

Findings

Although the Task Force did not receive the commission report in time to consider its recommendations, the Task Force is concerned by the lack of a technology plan and funding initiative to address the needs and changing market of higher education into the next century. All of our institutions must be able to compete in the new marketplace of electronic education.

Currently in Maryland, there are no funds appropriated specifically for technology improvements at the higher education institutions aside from funds primarily to address the Year 2000 problem. The recommendations of the Governor's commission call for the establishment of the Maryland Educational Network to respond to the needs of education providers and focus on services to students, faculty, and administrators. The commission recommended that the network be managed and operated by the University System of Maryland. The commission estimated that State's investment for this project would be approximately $94.3 million over five years and would include:

- design, development, and implementation of the network (24.7 million);
- one-time costs for a baseline level of services ($7.1 million);
- matching grants for hardware and software ($24.5 million);
- innovative Projects Grant Program which provides funding on a competitive basis ($16.0 million); and
- faculty training and professional development ($22.0 million).

The commission's report focused on the information technology network issues related to higher education, and did not directly address some of the automated administrative issues facing the USM. There are two systems that manage the computer software functions among USM institutions. These systems manage software for institutions to perform their financial operations, including payroll. One manages systems for the former University of Maryland institutions and is located on the College Park Campus. The other system is operated on the campus of Bowie State University and maintains systems for the remaining institutions. The Bowie Service Center manages the financial software functions of several institutions adequately, though the technology is not the most current. Discussions among the associated institutions to manage their own systems independently have been delayed until after 2000, when Year 2000 programming issues have been resolved.

Recommendations

The Task Force urges the Governor and General Assembly to closely examine and consider the recommendations of the Governor's Commission on Technology in Education and other technology and information systems needs of USM.

College Preparation Intervention Program

The 1988 legislation required MHEC to establish and administer a College Preparation Intervention Program (CPIP), to raise the level of academic preparedness of economically and environmentally disadvantaged students who go on to college. The legislation provided that the program could include certain activities, including: improve the diagnosis of basic skill deficiencies of middle and high school students to enhance the preparedness of the students for college; establish a testing program, using presently administered tests to the extent possible, to evaluate the achievement levels and assess the preparation of high school students who are potentially college-bound; and improve information to high schools and local school systems concerning the performance of their graduates at the college level in specified areas. The program was implemented on a three-year pilot basis beginning July 1, 1989.

Findings

Although regarded as very successful, the program was not continued after the expiration of the pilot period. However, as a result of the foundation laid by CPIP, Maryland was one of six states to win a five-year competitive grant to initiate the federal National Early Intervention Program, which is in its final year of implementation. Maryland could be eligible for $2.5 million under the new federal early intervention program if State matching funds are allocated.

Recommendations

The Task Force supports the College Preparation Intervention Program and encourages the State to take advantage of matching federal funds to re-establish this successful program.

Minority Reports

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MEMORANDUM

TO: Admiral Charles R. Larson, USN (Ret.)
Chairman, Task Force to Study the Governance, Coordination and
Funding of the University System of Maryland

FROM: Dolores Richard Spikes DRS
President

DATE: January 11, 1999

RE: **Comments on the Findings and Recommendations of the Task Force's Initial Draft Report (Received by Facsimile January 7, 1999)**

Thank you for providing an opportunity for Task Force members to respond to the above-referenced draft report. It is my request that these comments be appended to and become a part of the final report. My comments reflect grave concerns and disagreement with process and fairness in at least one area of the report.

I must acknowledge with great appreciation your assuming responsibility for directing the work of the Task Force, especially given the short timeframe for what I first assumed was a monumental task. You were a very effective chairman (no surprise to me, since I had the opportunity to view your work at the U.S. Naval Academy for a while). Thank you for taking the time to brief yourself so quickly on so many aspects of the University System of Maryland – no small accomplishment in and of itself.

My comments on the draft report follow. First, I do not concur with the proposition in your letter of transmittal (01/06/1999) of the draft report relative to:

1. Including funding requests immediately for two additional University System of Maryland (USM) institutions, still leaving several others out of such requests; and

2. Excluding Bowie State University and Coppin State College from the $5,000 floor for the comprehensives on the premise that they are scheduled to receive

enhancements in the Governor's FY 2000 budget that will lift them above the $5,000/per student FTE (Full-Time Equivalent) floor.

My objection to Item 1 above is for essentially the same reason that I objected to the initial proposal (which I will speak to later) as adopted by the Task Force via majority vote. The objection is basically a fairness issue: If the other institutions had been told to supply the Task Force with comparative data based on funding per student FTE for aspirational peers, we can be assured that their presidents would have readily complied. The data for the University of Maryland College Park (UMCP) was presented hurriedly to the Task Force without much discussion during the Task Force's last few hours of deliberation. As I stated at the time, the only specific proposal that had surfaced and was discussed, even before the Task Force began its deliberations, was the one offered by Hoke Smith, President of Towson University, for the comprehensive institutions. In addition, during discussions prior to the Task Force's rather hurried decision-making due to time constraints, there seemed to be general consensus (or, minimally, no objection) that there should be different floors advanced for different categories or types of institutions and that universities would also receive funding based on mission and other yet-to-be established criteria.

I did not perceive the $5,000/FTE for the comprehensives as an "enhancement." The reference in your letter of transmittal to additional funding for the other universities mentioned therein as enhancements again begs the issue of fairness and rationality in deciding the funding amounts cited.

If additional funding based on "per student FTE" is to be recommended for FY 2000, then request comparative data from presidents of other institutions relative to aspirational peers or other acceptable measures from each institution and recommend funding, where applicable.

Now, relative to Item 2 in your letter of transmittal, I take exception to exclusion of Bowie and Coppin, should funding per FTE for the comprehensives be advanced for FY 2000 (or even thereafter in this case). The reason given is that "enhancements" for these institutions are included in the Governor's FY 2000 budget that will increase their per student FTE funding over the $5,000/FTE floor. Of course, "enhancements" are included – for specific purposes that would not allow the total flexibility as would come otherwise! As I stated in my correspondence of 11/25/98 to you (copy attached hereto), such enhancement funds for Historically Black Colleges and Universities should not be included in the base funding.

To do so really distorts the facts that (1) the enhancements are to help to build infrastructures and programs neglected for so long by the State in these institutions, (2) some programs placed at one or more of these institutions for purposes of attracting Caucasian students are high-cost programs, (3) the "economy of scale" in a "one-size fits all amount per FTE" is not factored in (this argument would apply to Frostburg, as well); that is, one expects "amount/FTE" to be higher in smaller institutions. The latter was quite apparent in the figures from Legislative Services. It is noticeable, however, that as institutions have grown in enrollment, their costs per FTE have declined, and (4) the presidents of these institutions within the USM have conveyed the thought that the funding level and enhancement monies, operationally especially, leave much to be desired in erasing inequities and helping to build institutions of greater quality, as expected and as should be the case.

The comments that follow are directed to the body of the draft report.

1. When I asked the question "Does the prioritization of goals as listed in the report relate directly to prioritization of funding, as well, the response seemed to me to be "not necessarily the case." I had hoped that the Task Force would come back to some discussion of priorities in funding. I take full responsibility, however, for my own naivete relative to understanding some political facets of the Task Force's deliberation, as pointed out to me by some of my colleagues (after the Task Force had concluded its deliberations). At any rate, enhancing the Historically Black Institutions, must, I believe, be given much higher funding priority – morally and legally. Delegate Rawlings posed the question "When does enhancement of the HBIs end?" This is a fair enough question (but must also be applied to other institutions that have "enhancement" goals to arrive at certain academic destinations). I, for one, would welcome the opportunity for discussions and planning relative to this question. One thing is certain – that time has not yet arrived.

   Perhaps I missed the point at which some of the goals on pages 5 and 6 were agreed to. I did not recognize all of these as having come before the Task Force in the order given.

2. As was stated earlier, I am not in total agreement with the Recommendation on page 21 of the draft report regarding a FY 2000 supplemental budget. For emphasis, we repeat:

   - Enhancement funding for the HBIs should be given priority of the first magnitude and such funding should not serve to penalize the institutions in terms of per student FTE funding. Further, the size of an institution should NOT be overlooked when considering its cost/FTE. (Especially relevant are the figures for smaller institutions).
   - In fairness to all the USM presidents, each should have an opportunity to submit rationale for supplemental funding in FY 2000 (FTE based on type or category of institution, or other basis for non-degree granting institutions).

   I asked that my views on the FY 2000 supplemental budget be made a part of the record; I felt very strongly about this issue and, as I indicated, would not have voted for it even if UMES had been included, absent the opportunity for the other presidents to at least present proposals on this subject. Nevertheless, I would be remiss to not point out that UMES' 1890 land-grant status (and all that this implies, as I articulated to the Task Force and embodied simply in a terse statement given to the staff but not included in the draft report; UMES should have been developed long ago as a research doctoral II university) renders it no less deserving of supplementary FY 2000 funds than the other institutions that were added to the initial recommendation. I suspect that an institution like Frostburg, with the region that it serves heavily dependent on that institution's economic development activities, would say the same. In short, contrary to what I believed was he thrust of the Task Force's discussion on supplemental funding, mission was unfairly introduced as a factor for FY 2000 supplemental funding for selected institutions.

I am hopeful that the inclusion of this response does become a part of the final report, as my comments during the Task Force meeting are not reflected in the draft report.

Finally, I have offered my objections formally to what I consider more substantive points. But I hasten to point out that except for these points, the staff (of the Task Force) did a marvelous, seemingly superhuman task of assembling a fine report that substantially addresses several of the issues raised. Regretfully, the brevity of time allowed for deliberations did not permit enough discussion. And, then, there was the recurring theme from consultants, who when asked what are the factors that contribute to the eminence of a university, said – over and over – money and leadership (or, if you will, leadership and money). . . . (i.e., to be continued)

Attachment

Cc: Task Force Members w/attachment
USM Chancellor w/attachment
USM Presidents w/attachment

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MEMORANDUM

TO: Admiral Charles R. Larson, USN (Ret.)
Chairman, Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland

FROM: Dolores R. Spikes, President

DATE: November 25, 1998

RE: Comments to the Task Force as Requested in Your Letter Dated November 16, 1998

I had hoped to refrain from significant comments (except for the opportunity already provided to each USM president to make presentations to the Task Force) until the Task Force was ready to deliberate following input from the parties heretofore stipulated. This position was taken with the intent of my attempting to reach conclusions based on all available data at the time, rather than having reached firm positions prior to the Task Force's deliberations. I am now leaning toward a judgment that my original tenet is not practicable. Thus, I will respond to this opportunity as best as I can at this time. (Because of the holiday break, this memo has not been proofed by me but faxed to you by my secretarial staff.)

I. The Budget Process and Resource Allocation Process Among USM Institutions

It is interesting to note that those presidents, when asked if the Task Force "would be here now" if institutions had received sufficient funding, responded in each case "no." Yet, the ECS consultants reported that, in their view, low funding was not the root cause of problems facing many institutions.

We heard only broad overviews of funding mechanisms for universities. There seems to be some "rough" consensus within the Task Force that some kind of format would be acceptable and fair. Perhaps! But in rough financial times, states tend to lower funding levels based on formulas just as they do with other types of funding mechanisms. The argument that such a reduction, however, when applied equally to each and every institution is fairer when applied to formula-funding is without merit. I would be pleased to share personal experiences in this regard to any interested party.

Nevertheless, I believe that the following principles should apply to any budget process and/or resource allocation:

1. The state itself must commit to a larger share of the state budget to higher education (i.e., the public four-year or professional program institutions). Otherwise, revised resource allocations within current budget allowances will not resolve conflicts or dissatisfactions now being discussed. Additionally, funding to private universities or to community colleges should not be tied to funding for the four-year colleges and universities in ways that may diminish the capacity of the state to fairly and adequately fund its public four-year institutions.

2. Each university should receive an allocation for basic operations. This may vary. For example, one expects that campuses with older buildings may require more funding for upkeep, especially if sufficient maintenance funding has been sporadic. While funding per FTE may be one of several useful indicators for purposes of comparative funding levels, I have seen no literature by the experts which characterize funding per FTE as a fundamental funding strategy. However, it is useful to examine this ratio from the perspective of rationale for low (or high) funding per FTE and the effects of level of this funding on the basic operations of the institutions. No consulting group did an adequate analysis in this regard. Yet, this issue is regarded by some of our presidents as a critical one and deserved more analytical attention from the consulting groups. In particular, it would have been good to have received several examples of successful formula applications, if indeed there are a number of these in operation.

3. The approved mission of each university must be significantly addressed through funding processes. This would take into account programmatic mission too. Thus, institutions heavily engaged in science and technology instruction, or health science instruction, or professional programs (at all degree levels), or land-grant programs, or research programs, or other

specialized areas could receive funding necessary to carry out these approved missions.

4. Special enhancement or equity funding should not be included in the base appropriations, as this gives distorted views in various ratio analyses. However, it is obvious that guidelines for enhancement funds are needed and understood and, except for equity funding (historically black institutions or unexpected, rapid enrollment growth, or mandated accreditations, for example), special enhancement funding should not supplant base funding. (Some basic enhancement funds to all institutions are desirable and needed in the base funding.)

5. All mandated functions should be funded (mandated tuition exemptions for specified groups, accreditations of programs - new and retention of accreditation).

6. Resource allocations must be responsive in a timely fashion for substantial enrollment increases.

I will address separately the historically black colleges and universities issues below.

II. The Historically Black Colleges and Universities (HBCUs) within the University System of Maryland (USM)

Ironically, I have heard comments from a couple of other USM institutions which implied or directly stated that the so-called enhancement funds for HBCUs are not fair, are no longer needed, or are simply resented. I will not dwell on these and other negatives that I have heard, however, regarding USM's HBCUs. Rather, I want to point out the following:

1. Whatever improvements or enhancements that came to the HBCUs were prompted in large measure by the Office of Civil Rights in what is now (in part) the U. S. Department of Education, in response to the State's long history of legal segregation and of neglect (benign or otherwise) of its HBCUs. That response is of relatively recent origin and seemed to center (though not exclusively) primarily on two areas: new programs to attract other-race students and capital projects.

As I have said before to State officials, the responses thus far have been down payments on a debt long overdue to the State's HBCUs. Why?

The most insidious results of legalized or de facto segregation and of slavery states are not rooted simply in separation of the races or in denial of rightful resources available only to the predominant race. Rather, it was the notion of perceived superiority of one race over the other; it was the forced subjugation of will of one race to the other; it was the inculcation within the larger society that anyone of Black descent or anything of Black culture or of Black making or such, or any institution conceived or operated by or for Blacks was (is) inferior, that was malicious, condescending and halting of educational, political and economic growth of Blacks as a whole.

Certainly, these characterizations have changed in the last 20 to 40 years (a short time indeed in the life of Africans in America!), but they have not been replaced wholly by more positive characterizations. Witness the backlash against affirmative action programs, the boldness and aggressiveness of hate groups, the omnipresent subtlety of racism in public referenda or bureaucratic tactics.

In all fairness, the State of Maryland, the University System of Maryland and many of the State's political leaders have shown a resolve to right past (and some current) inequities based on race. I am told that John Toll and now Don Langenberg have been totally committed to this cause, but they have not always had the resources or backing to carry out in full their personal and professional commitment in this regard.

Permit me to take my own institution, the University of Maryland Eastern Shore (UMES) as an example. Every visitor to UMES' campus marvels over the beauty of the grounds and the facades of its structures. I do not believe that it was a matter of pure coincidence that the burgeoning of the University's enrollment exploded about the time that the campus' exterior appearance was changed (dramatically) aesthetically! Additionally, the placement of programs such as physical therapy, aviation science, hotel and restaurant management at UMES attracted white students to these attractive, high-demand programs which, by the way, are not offered at most other USM institutions. UMES also "offers" two doctoral programs, but the conditions and arrangements here and the lack of adequate support to UMES of operating funds and capital programs have, in my view, hindered UMES' considerable and substantive involvement in these programs. In fact, lack of adequate facility support hampers the growth of physical therapy and aviation science, as well.

As the State's 1890 land-grant institution, one can only muse as to what UMES would be today if it had been properly supported in terms of programmatic thrusts. Alas, one of the more objectionable consequences of the ills accruing from persistent policies and practices for purposes of subserviency is denial of opportunity for access to programs. UMES' rightful and lawful place in Maryland's higher education system would have led to its being a very comprehensive research and doctoral degree-granting university befitting its land-grant status (compare with the development of the 1862 land-grant institutions, to which the 1890s were to "substitute" in terms of availability of programs and service.) Access to programs within an institution of higher education, consistent with the institution's mission, is as important as access to the institution itself. Again, UMES should be and could be much more than it is today. Its land-grant status should have it operating a broad array of arts and science programs, professional programs - including engineering and doctoral programs (at least at doctoral II level). Its traditional mission as an historically black university renders its accessibility to those traditionally denied opportunities (as was denied to it!) as a continuing, valuable and desirable aspect of its overall broadened mission.

Administratively, UMES has been tied to UMCP and to the USM Headquarters and in many ways UMES thus never had the opportunity or resources to fully develop all aspects of its administrative and finance functions. This is a dilemma which requires further examination. One can say similar things about Coppin State College (as an urban institution) and Bowie State University (as a comprehensive regional institution).

The State and the USM should re-examine funding, programmatic and degree offerings of the HBCUs from the perspective enunciated above and from others as articulated by the presidents of Bowie and Coppin. (These presidents should be invited to render similar statements about their institutions; in fact, a much fuller development of visions for all these should be made, taking into account an assessment as to where these institutions would be today if they had not been limited and if they had received vigorous support from the outset.)

I will conclude this brief excursion with a statement of two on collaborations. I do believe that many collaborations between and among USM institutions render a value-added effect to each of the participating institutions. Such collaborations should exist and be encouraged for purposeful results and not just for the sake of collaboration. There should also be incentives to improve existing collaborations or to establish new collaborations where warranted. Such collaborations should not detract from or interfere with the approved mission of the institutions.

While the UMES/SSU collaboration is heralded as a model, the presidents will readily admit that at times the processes involved can be difficult to execute. Yet, with persistent leadership efforts, they can work wherever there is the promise of increased opportunities (value added) for our students and for the communities. Many of these efforts save substantial sums of funds to the State. Some of these savings should come back to the institutions to (1) reward faculty or staff who actually make the efforts work and who are not compensated otherwise for these extra efforts; (2) improve the collaborations; (3) explore the need for other collaborations or to broaden existing collaborations; (4) reimburse the universities for start-up costs of new collaborations which will eventually save the State considerable sums of money; (5) cover reporting costs.

III. Procurement, Reporting

I will simply reiterate for emphasis observations made by my colleagues and others on the need for simplification, elimination of redundancy, and more sensitivity for timely (and sometimes rapid) responses.

In the area of capital projects, the time from inception to completion is staggering! Demands for responses to often-repeated questions and from various agencies seem to range from nit-picking to sarcasm to inhibiting of productive use of time and resources. Responses to long-term enrollment increases lag by several years.

Any recommendations from the Task Force must include suggestions in these areas. It may be beneficial to request that the vice presidents for administration/finance within the System collectively meet and submit recommendations, along with Vice Chancellor Vivona, on the subjects of procurement, capital projects and the like.

IV. Miscellaneous Comments

1. With Morgan and St. Mary's already out of the USM, a departure from the USM of any one of its current constituents would lead, I believe, to total dismantling of the System.

2. If any member of the System has authority to lobby directly the Governor or legislators, there is no way to effectively keep others from doing the same, even if surreptitiously done. Yet, if the System remains intact, there must be agreed-upon policies abided to by all - legislators, the governor, presidents, Board of Visitors...

   To the extent possible, then, policies and procedures must be seen as fair and equitable (with the latter taking on a more refined characterization).

3. Although not admitted to, the fact is that current System practices allow greater leverage in "lobbying" (cultivating, garnering support) state and federal officials or agencies.

4. At this point, I tend to favor Option 5 of the AGB report. In my humble opinion, the chancellor is a person of great vision, in fact, allows vastly significant independence to the campuses, and, like the presidents, would support streamlining procedures that discourage and inhibit and duplicate. The chief executive officer of the System should be a strong academic leader and advocate and not merely a staffer for the Board of Regents. The report does offer some suggestions for improved operational objectives.

5. If the State will not increase the percent of all funds that go to public higher education (four-year and above), then funding has to take on a strategy of reallocation of existing funds. This is a nearly impossible feat since each institution claims to lack sufficient resources. Either way, how will St. Mary's and Morgan fit into all of this, in relation to the USM institutions?

6. May I suggest that Task Force members read the Southern Education Foundation's Redeeming the American Promise and Miles to Go? Some time during the Task Force's deliberations should be set to address equity issues on behalf of the HBCUs. Robert Kronley and Eldridge McMillan from the Southern Education Foundation can offer a backdrop to such discussions.

7. Regrettably, there seems to be a confusion in the minds of some that (national) ranking is synonymous with (national) eminence. Do we really agree with the criteria for either or both of these? How do access and the needs of the State fit into the efforts of an institution, individually to aspire to certain "rankings" or to "eminence"? In fact, what does the State expect - fulfillment of missions, rankings, eminence, etc.?

In all of our discussions and indeed in the charge given to the Task force, does it not occur to us that at the end of this year and therefore of the Task Force's work, we (State of Maryland, its citizens, students, etc.) will have an unfinished agenda - one that focuses on Maryland's public higher education's raison d'etre?

Parris N. Glendening
Governor

Edward O. Clarke, Jr.
Chairman

Patricia S. Florestano
Secretary of
Higher Education

MEMORANDUM

DATE: January 11, 1999

TO: Adm. Charles R. Larson, USN (Ret.)

FROM: Patricia S. Florestano, Ph.D.

SUBJECT: Task Force Recommendations

Thank you for sending the draft of the Task Force report. You and the staff faced a formidable challenge in synthesizing the diverse opinions of the Task Force members. The report skillfully reflects both the views of the members and the agreements we reached.

I share the Task Force's concern about the need to facilitate the introduction of new programs. I also appreciate the desire to move from a regulatory approach to a more open-market approach. However, I believe it is possible to achieve these goals while maintaining key elements of oversight and coordination in order to ensure effective and efficient use of public funds, to take into account the needs of the State as a whole, and to prevent unnecessary duplication. As Professors Schmidtlein and Berdahl pointed out in their letter to the Task Force, coordinating boards like the Maryland Higher Education Commission "encompass all constituents of the higher education system, giving them a more comprehensive overview of state needs." I would like to suggest two options for amending the recommendation on program approval that would strike a balance between campus autonomy and statewide coordination.

The first option would be to allow institutions outside the University System of Maryland to appeal to the Maryland Higher Education Commission if they believe a program duplicates one already being offered in Maryland, particularly if there is reason to believe that existing offerings are sufficient to meet public demand. This approach would be in the spirit of the current review process, which is designed to help ensure a comprehensive and non-duplicative array of academic programs statewide.

The second option would be to establish bands of programs in which institutions could establish new programs and abolish existing programs without going through an external approval process; the bands of programs would approved by MHEC. To establish new programs outside the established bands, an institution would submit the proposal to MHEC for review. This approach, suggested by Gordon Davies, would offer campuses the ability to respond quickly to market needs while ensuring that all program offerings closely support campus mission and the state plan.

Appendices

Appendix 1

PARRIS N. GLENDENING, Governor J.R. 4

Joint Resolution No. 4

(Senate Joint Resolution No. 8)

A Senate Joint Resolution concerning

Maryland Higher Education – Maryland Charter for Higher Education Governance, Coordination, and Funding of the University System of Maryland

FOR the purpose of establishing a task force to study the governance, coordination, and funding of the University System of Maryland; providing for the membership of the task force; providing for certain notice procedures for meetings of the task force; providing for a certain report; and generally relating to a task force to study the governance, coordination, and funding of the University System of Maryland.

WHEREAS, Nearly 10 years have passed since the General Assembly and Governor created the Maryland Charter for Higher Education; and

WHEREAS, A major State recession in the early 1990's dramatically affected funding for higher education and only now, despite the strong efforts of the Governor and General Assembly for four years, is public higher education funding back to its pre–recession level and a more stable funding source is necessary to meet the goals of the Charter; and

WHEREAS, The duties and potential overlap of the Maryland Higher Education Commission, the University System of Maryland Board of Regents, and the presidents of the constituent institutions of the University System, deserve review in light of the experience gained since 1988 and the State's continuing interest in a public higher education system with the accountability necessary to achieve a highly skilled and productive workforce; and

WHEREAS, An examination of the State's funding priorities to broaden and sustain the national reputation of public higher education in Maryland, including its flagship university, historically Black institutions, research institutions, and the comprehensive institutions, should be undertaken; and

~~WHEREAS, In order to meet the changing role of higher education for Maryland citizens, it is necessary to review the State's fiscal and licensure policies towards emerging electronic education, distance education, and other nontraditional delivery mechanisms of instruction and training in both credit and noncredit, profit and nonprofit, public and private colleges and universities; and~~

WHEREAS, The University System of Maryland was founded in order to reduce unnecessary expenditures and duplication and to enhance both management accountability and academic achievement; and

WHEREAS, The University System of Maryland today costs more than $10 million per year and potentially duplicates many of the functions existing within its constituent institutions, and may require changes to enhance the ability of the institutions to respond efficiently and effectively to the needs of the workforce in a high technology environment; and

WHEREAS, Within this context of changing technology and educational needs it is critical to review those functions and costs of the Maryland Higher Education Commission and the University System of Maryland; and

WHEREAS, There is a marked disparity in funding per full–time equivalent undergraduate students among the University System of Maryland institutions as well as between University System of Maryland institutions and other public comprehensive institutions outside the University System of Maryland; and

WHEREAS, Subsequent to the formation of the University System of Maryland, two research institutions have been established, general fund support for University College and a revised community college formula have been enacted, and student financial aid programs have been enhanced without major funding increases to other undergraduate institutions; and

WHEREAS, The system and base level funding required to afford all *University System of* Maryland undergraduate students a quality education should be reviewed; and

WHEREAS, It is necessary that each of our public universities are held accountable to students, parents, taxpayers, and those who make educational policy; and

WHEREAS, Streamlining the organizational chart of the University System of Maryland may result in greater efficiency, effectiveness, and accountability; now, therefore, be it

RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the General Assembly and Governor establish a task force to study the governance, coordination, and funding of the University System of Maryland; and be it further

RESOLVED, That the task force consider methods to increase the prominence of the University System of Maryland's constituent institutions nationally and internationally, the efficiency of the delivery of higher education services to Maryland citizens, and other issues related generally to governance, coordination, and funding of the University System of Maryland; and be it further

RESOLVED, That the task force be composed of:

(1) ~~Three~~ *Four* members of the Senate of Maryland, appointed by the President of the Senate;

(2) ~~Three~~ *Four* members of the House of Delegates, appointed by the Speaker of the House;

(3) The Secretary of Higher Education;

(4) The President of the University of Maryland, College Park or a designee of that President;

(5) The President of Towson University or a designee of that President;

(6) The President of the University of Maryland Eastern Shore or a designee of that President;

(7) The President of Frostburg State University or a designee of that President;

(8) One member of the University System of Maryland Board of Regents;

(9) Two members of the Board of Visitors of the constituent institutions of the University System of Maryland, appointed jointly by the President of the Senate and the Speaker of the House; *and*

~~(10) One representative of the American Association of State Colleges and Universities;~~

~~(11) One representative of the National Association of State Universities and Land Grant Colleges; and~~

~~(12) One representative of the Southern Regional Education Board; and~~

~~(12)~~ ~~(13)~~ *(10)* ~~Five~~ ~~Four~~ *Five* members of the public appointed by the Governor; and be it further

RESOLVED, That the chairman of the task force shall be appointed by the Governor after consultation with the President of the Senate and the Speaker of the House; and be it further

RESOLVED, That the task force shall solicit the views of the Board of Regents of the University System of Maryland, the members of the Board of Visitors of the constituent institutions of the University System of Maryland, the members of the Maryland Higher Education Commission, and leading national experts in higher education*, including the American Association of State Colleges and Universities, the National Association of State Universities and Land Grant Colleges, and the Southern Regional Education Board*; and be it further

RESOLVED, That the task force shall engage the services of the Association of Governing Boards of Colleges and Universities to report on: (1) the governance structure of the University System of Maryland; (2) the governance structure of other public university systems around the country, particularly those with flagship institutions; and (3) what changes in the governance structure may be necessary to bring the University System of Maryland into national eminence among public university systems; and be it further

RESOLVED, That the task force shall engage the services of the Education Commission of the States to conduct a study of the current and future funding needs of the constituent institutions of the University System of Maryland to assist each institution in reaching its stated mission and goals, including a history of State funding prior to the formation of the University System of Maryland in 1988 and during the ten years of its existence; and be it further

RESOLVED, That the task force report its findings and recommendations to the ~~General Assembly and~~ Governor and, in accordance with § 2–1246 of the State Government Article, to the General Assembly by ~~October 15, 1998~~ January 1, 1999; and be it further

RESOLVED, That staff for the task force shall be provided by the Department of Legislative Services, and that notice of each meeting of the task force be made public by delivering a copy of the meeting notice to the Legislative Information Officer, Room B–6, Department of Legislative Services, Legislative Services Building, 90 State Circle, Annapolis, Maryland 21401–1991. The notice should be delivered no later than Tuesday afternoon at 4:00 p.m. for inclusion in the weekly Hearing Schedule; and be it further

RESOLVED, That copies of this Resolution be forwarded by the Department of Legislative Services to the Honorable Parris N. Glendening, Governor of Maryland; the Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; and the Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates.

Signed May 21, 1998.

Joint Resolution No. 5

(House Joint Resolution No. 12)

A House Joint Resolution concerning

Maryland Higher Education – Maryland Charter for Higher Education Governance, Coordination, and Funding of the University System of Maryland

FOR the purpose of establishing a task force to study the governance, coordination, and funding of the University System of Maryland; providing for the membership of the task force; providing for certain notice procedures for meetings of the task force; providing for a certain report; and generally relating to a task force to study the governance, coordination, and funding of the University System of Maryland.

WHEREAS, Nearly 10 years have passed since the General Assembly and Governor created the Maryland Charter for Higher Education; and

WHEREAS, A major State recession in the early 1990's dramatically affected funding for higher education and only now, despite the strong efforts of the Governor and General Assembly for four years, is public higher education funding back to its pre–recession level and a more stable funding source is necessary to meet the goals of the Charter; and

WHEREAS, The duties and potential overlap of the Maryland Higher Education Commission, the University System of Maryland Board of Regents, and the presidents of the constituent institutions of the University System, deserve review in light of the experience gained since 1988 and the State's continuing interest in a public higher education system with the accountability necessary to achieve a highly skilled and productive workforce; and

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~~WHEREAS, In order to meet the changing role of higher education for Maryland citizens, it is necessary to review the State's fiscal and licensure policies towards emerging electronic education, distance education, and other nontraditional delivery mechanisms of instruction and training in both credit and noncredit, profit and nonprofit, public and private colleges and universities; and~~

WHEREAS, The University System of Maryland was founded in order to reduce unnecessary expenditures and duplication and to enhance both management accountability and academic achievement; and

WHEREAS, The University System of Maryland today costs more than $10 million per year and potentially duplicates many of the functions existing within its constituent institutions, and may require changes to enhance the ability of the institutions to respond efficiently and effectively to the needs of the workforce in a high technology environment; and

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WHEREAS, There is a marked disparity in funding per full-time equivalent undergraduate students among the University System of Maryland institutions as well as between University System of Maryland institutions and other public comprehensive institutions outside the University System of Maryland; and

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(3) The Secretary of Higher Education;

(4) The President of the University of Maryland, College Park or a designee of that President;

(5) The President of Towson University or a designee of that President;

(6) The President of the University of Maryland Eastern Shore or a designee of that President;

(7) The President of Frostburg State University or a designee of that President;

(8) One member of the University System of Maryland Board of Regents;

(9) Two members of the Board of Visitors of the constituent institutions of the University System of Maryland, appointed jointly by the President of the Senate and the Speaker of the House; and

~~(10) One representative of the American Association of State Colleges and Universities;~~

~~(11) One representative of the National Association of State Universities and Land Grant Colleges; and~~

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Signed May 21, 1998.

Appendix 2

List of Those Who Testified at the Regional Hearings

Thomas B. Finan, Jr.	Regent of the University System of Maryland and Chair of its Committee on Education Policy
Susan Arisman	Dean, School of Education, Frostburg State University
Carl Belt, Jr.	President of Carl Belt, Inc.
Carey Hummel	Area Health Education Center
Gail Gazelco	University of Maryland School of Nursing
John Bambacus	Mayor of Frostburg and Faculty Member in the Political Science Department, Frostburg State University
John W. Dillon	Vice President, External Affairs for Bell Atlantic, Maryland
E.A. Betty Edmonds	President, School Improvement A-Z, Inc.
Sally Hearn	Council of University System Staff
Mike Gill	President & Chief Executive Officer AMERICOM and Chairman, Towson University Board of Visitors
Richard Brooks	Manager, Northern Regional Office of the Technology Extension Service of the University of Maryland, College Park
Edwin S. Crawford	Regent, University System of Maryland
Lawrence A. LaMotte	Member of UMBC's President's Advisory Council on Business Outreach and Director of Business Development for Trigen Energy Baltimore
Stephen L. Weber	President, Maryland Farm Bureau, Inc.
Larry Wilt	Director of the Library at UMBC
Carolyn Best	Graduate Student, UMB School of Medicine
Ann Christopher	Past President, Baltimore City Dental Association
Jack Kintslinger	Chairman and CEO of KCI Tech
Gino Gemignani, Jr.	Vice President, Whiting Turner
John C. Weiss, III	President Chesapeake Biological Laboratories, Inc.

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Charles Moran	Ballard, Spahr, Andrews & Ingersoll
Stephen J. Sfekas	Weinberg & Green, LLC
Jane Shopp	Executive Director, Greater Baltimore Committee Technology Council
Robert Hannon	Baltimore County Office of Economic Development
Andrew Miller	UMBC Professor
Lynn Zimmerman	UMBC Professor
John Jeffries	UMBC Professor
Deidre Demory	UMBC Student
Steve Letchin	UMBC Student
Tracey Tucker	UMBC Student
Anne Osborn Emery	Commissioner, Maryland Higher Education Commission
John L. Green	Comissioner, Maryland Higher Education Commission
Franklin Perdue	Businessman, former Member of the Board of Regents
Sam Seidel	Chairman of the Investment Committee and Nomination Committee the Salisbury State Foundation
John Pritchett	President, Student Government Association, Salisbury State University
Rebecca A. Emery	President, University Forum, Salisbury State University
Donald Whaley	President, Faculty Senate, Salisbury State University
Lee Roth	Vice President of External Affairs for the Student Government Association, Salisbury State University
Joseph D. Quinn	Faculty Member, Accounting and Legal Studies, Perdue School of Business, Salisbury State University
Chris Roberts	Member, Staff Advisory Council, Salisbury State University

Kathleen Momme	Executive Director, United Way of the Lower Eastern Shore and Member of the Advisory Board of the Shore CAN Volunteer Center at Salisbury State University
Brad Taylor	Alumnus, Former Employee, Salisbury State University
Stuart Bounds	President, Chesapeake College
Delphine Peck	
Donna Abbott	Media Services Manager, Town of Ocean City, MD
Michael Fadden	
Genie Wessel	Clinical Instructor, School of Nursing, University of Maryland School of Medicine
Elton P. Maddox, Jr.	Dental Practitioner
Kevin M. Kirstein	Commander of the Criminal Investigation Division of the Ocean City Police Department
Jennifer Berkman	Council of University System Staff, Salisbury State University
Klein Leister	Member of the Salisbury State University Foundation Board of Directors
Marshall W. Moore	Salisbury State University Foundation
Marty Neat	President of the First Shore Federal Savings and Loan Association
W. Travis Walton	Director, Maryland Technology Extension Service, University of Maryland, College Park
Lesley Weihs	Salisbury Symphony Board Member/Symphony Member
Lee W. Quinn	Private Citizen
Karen Leimann	President of the Alumni Association, Salisbury State University
Dr. William Hytche	Former President, University of Maryland Eastern Shore
Tony Bruce	Businessman, Somerset County
Gerry Redden	Local Businessman involved in the Aquaculture Industry
Michael Thomas	Superintendent of Schools, Somerset County

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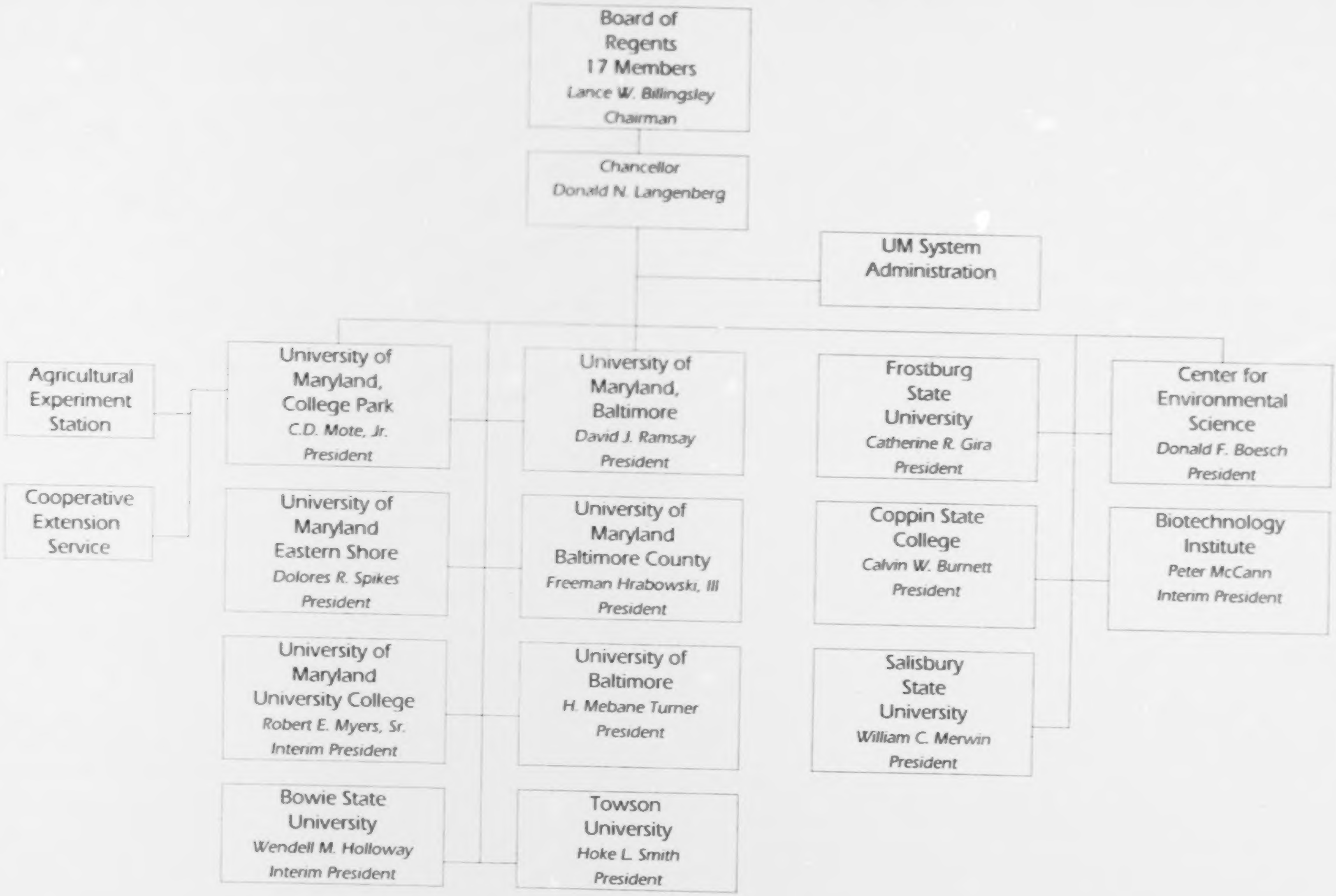
James White	Local Businessman
James Williams, III	Student at University of Maryland, Eastern Shore
Jessie C. Smith	Dean of Library Services, University of Maryland, Eastern Shore
Carolyn Brooks	Dean of School of Agriculture, University of Maryland Eastern Shore
Leon N. Coursey	Associate Professor, Department of Physical Education and Chair of the University of Maryland Eastern Shore Faculty Assembly
Debbie Abbott	Alumnus of Salisbury State, Vice President and Regional Officer Peninsula Bank
Steve Rebach	Research Scientist
Kasey Schneider	Senior Business/Marketing Major at Salisbury State University, Vice President of Public Relations of Salisbury State University's Student Government Association and Vice-Chair of the University System of Maryland Student Council
R. Kathleen Perini	Commissioner, Maryland Higher Education Commission
Charles B. Saunders, Jr.	Vice Chairman, Maryland Higher Education Commission
Elizabeth Arnold	UMB School of Nursing
James D. Tschechtelin	President, Baltimore City Community College
George E. Hohl	Member of the Chancellor's Advisory Council
Michael Gelman	Regent, University System of Maryland
William Davidson	Faculty, Bowie State University
George L. Marx	Vice Chancellor for Academic Affairs, University System of Maryland
C. Harvey Major	Co-President, University of Maryland Parents' Association
Dan Collins	Executive Council Member, University of Maryland Parents' Association
Anthony Savia	University of Maryland University College Graduate Student
Janice H. Reilly	President, University of Maryland University College Alumni Association

Claudine SchWeber	Director, Distance Learning and Instructional Technology, University of Maryland University College
Nicholas Allen	University of Maryland University College Faculty
John M. Derrick, Jr.	President and CEO, Potomac Electric Power Company
Gerald Ray Miller	University of Maryland, College Park Faculty
Michael Arrington	Chairperson, Alumni Advocates Committee, University of Maryland, College Park
Greg Geoffroy	Senior Vice President for Academic Affairs and Provost of the University of Marylan, College Park
Denny Gulick	Professor, Department of Mathematics and Chair of the College Park Senate
Beverly Morris	Council of University System Staff
Curtis White	Council of University System Staff
Larry Demaree	President, Demaree & Associates and President of Towson University Foundation, Inc.
Domenic J. LaPonzina	Chief, Communications & Congressional Affairs, Internal Revenue Service, Delaware-Maryland-D.C. District and Members Towson University Board of Visitors
Susan E. Woda	Student Regent on the University System of Maryland Board of Regents
Barry Campbell	Member, Chancellor's Advisory Council for the University System of Maryland
Richard D. Armstrong	Battalion Chief, Baltimore City Fire Department
John I. Heise, Jr.	Member, Chancellor's Advisory Council of the University System of Maryland
Megan Price	President, University of Maryland College Park Student Government Association
Arla Allman	Director of External Affairs, UMB School of Pharmacy
Sowmya Murthy	Chair, University System of Maryland Student Council

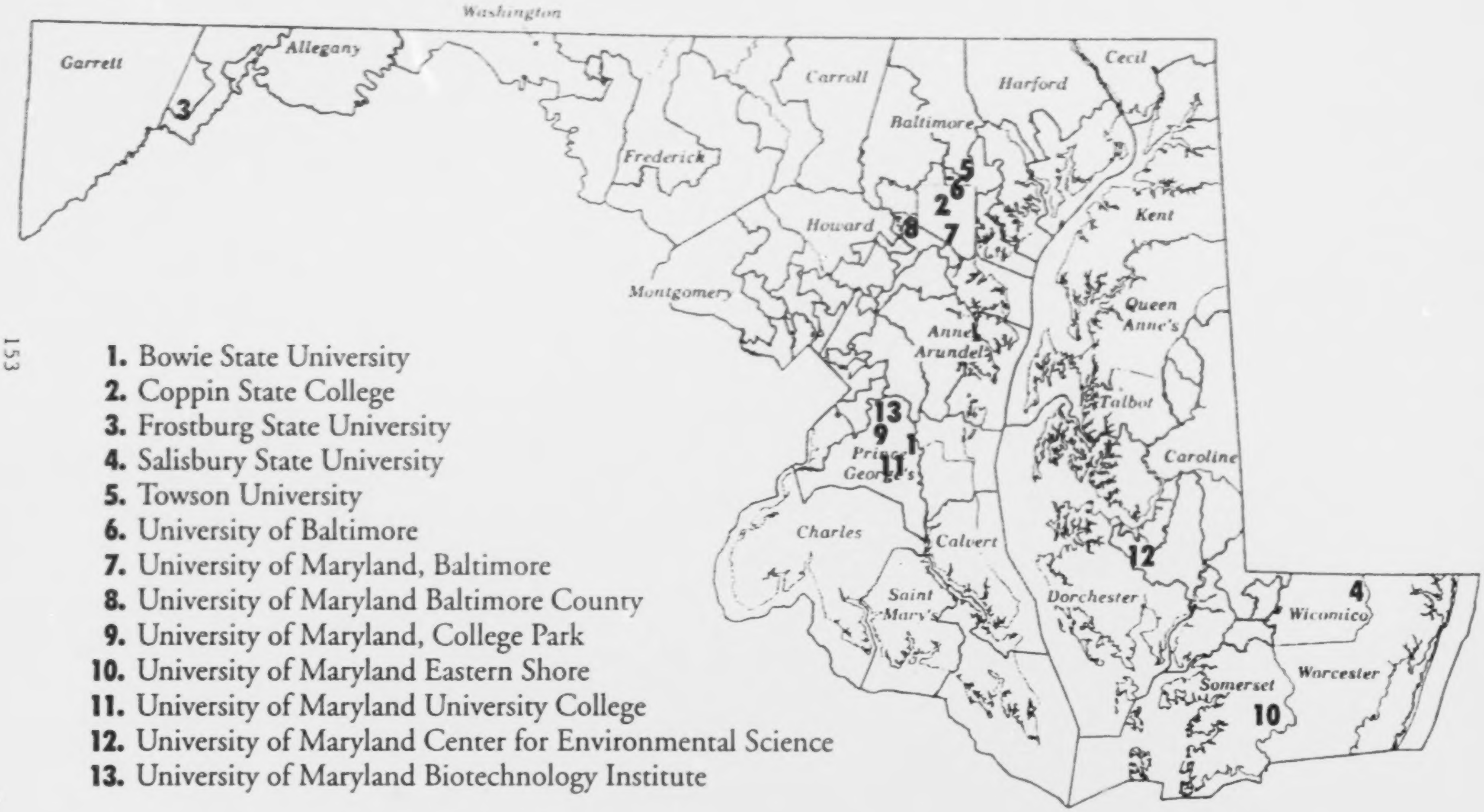
Appendix 3

1998 University System of Maryland


Board of Regents 17 Members
Lance W. Billingsley Chairman
Chancellor
Donald N. Langenberg
UM System Administration
Agricultural Experiment Station
Cooperative Extension Service
University of Maryland, College Park
C.D. Mote, Jr. President
University of Maryland Eastern Shore
Dolores R. Spikes President
University of Maryland University College
Robert E. Myers, Sr. Interim President
Bowie State University
Wendell M. Holloway Interim President
University of Maryland, Baltimore
David J. Ramsay President
University of Maryland Baltimore County
Freeman Hrabowski, III President
University of Baltimore
H. Mebane Turner President
Towson University
Hoke L. Smith President
Frostburg State University
Catherine R. Gira President
Coppin State College
Calvin W. Burnett President
Salisbury State University
William C. Merwin President
Center for Environmental Science
Donald F. Boesch President
Biotechnology Institute
Peter McCann Interim President

Appendix 4

University System of Maryland Constituent Institutions


Washington
Garrett
Allegany
3
Carroll
Harford
Cecil
Baltimore
Frederick
5
6
2
Howard
8
7
Kent
Montgomery
Queen Anne's
Anne Arundel
Talbot
13
9
1
Prince George's
11
Caroline
Charles
Calvert
12
Saint Mary's
Dorchester
4
Wicomico
Worcester
Somerset
10

1. Bowie State University
2. Coppin State College
3. Frostburg State University
4. Salisbury State University
5. Towson University
6. University of Baltimore
7. University of Maryland, Baltimore
8. University of Maryland Baltimore County
9. University of Maryland, College Park
10. University of Maryland Eastern Shore
11. University of Maryland University College
12. University of Maryland Center for Environmental Science
13. University of Maryland Biotechnology Institute

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Appendix 5

Time Line
Maryland's Four-Year Public Institutions

1807 College of Medicine founded in Baltimore; rechartered in 1812 as the University of Maryland.

1840 St. Mary's Female Seminary was founded; became Maryland's first junior college in 1957 (predecessor of St. Mary's College).

1856 The Maryland General Assembly chartered the Maryland Agricultural College at College Park (predecessor of University of Maryland College Park). The college achieved land grant status in 1865.

1857 Centenary Biblical Institute was founded. Became Morgan College in 1890 and Morgan State University in 1939.

1865 Baltimore Normal School was founded as a training school for African- American teachers (predecessor of Bowie State University).

1866 Maryland State Normal School for teachers was founded (predecessor of Towson University).

1886 Delaware Conference Academy was founded (predecessor of the University of Maryland Eastern Shore).

1888 Maryland Agricultural Experiment Station opened.

1898 State Normal School No. 2 at Frostburg was founded as a teacher-training school (predecessor of Frostburg State University).

1900 Coppin State College was founded as a training school for African-American elementary school teachers in Baltimore.

1914 Maryland Cooperative Extension Service was established.

1920 Maryland General Assembly merged the professional schools in Baltimore with the Maryland State College of Agriculture at College Park to create the University of Maryland, College Park and the University of Maryland, Baltimore.

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1925 Salisbury State College was founded as a two-year teacher-training school (predecessor of Salisbury State University).

1925 Chesapeake Biological Laboratory was established (predecessor of the University of Maryland Center for Environmental Science).

1925 University of Baltimore was founded as a private institution.

1947 College of Special and Continuation Studies was established (predecessor of the University of Maryland University College).

1963 Board of Trustees of the State Colleges was created to assume control of five former state teachers colleges: Bowie State, Coppin State, Frostburg State, Salisbury State, and Towson State.

1966 University of Maryland Baltimore County was founded.

1970 Maryland General Assembly established the five-campus University of Maryland network comprised of the now existing: University of Maryland, Baltimore; University of Maryland Baltimore County; University of Maryland, College Park; University of Maryland Eastern Shore, and University of Maryland University College.

1975 University of Baltimore joins the Board of Trustees of the State Colleges as an upper-division institution.

1976 Maryland General Assembly changes the name of the Board of Trustees of the State College System to the Board of Trustees of the State University and College System of Maryland.

1977 University of Maryland Sea Grant Program was established; designated a Sea Grant College in 1982.

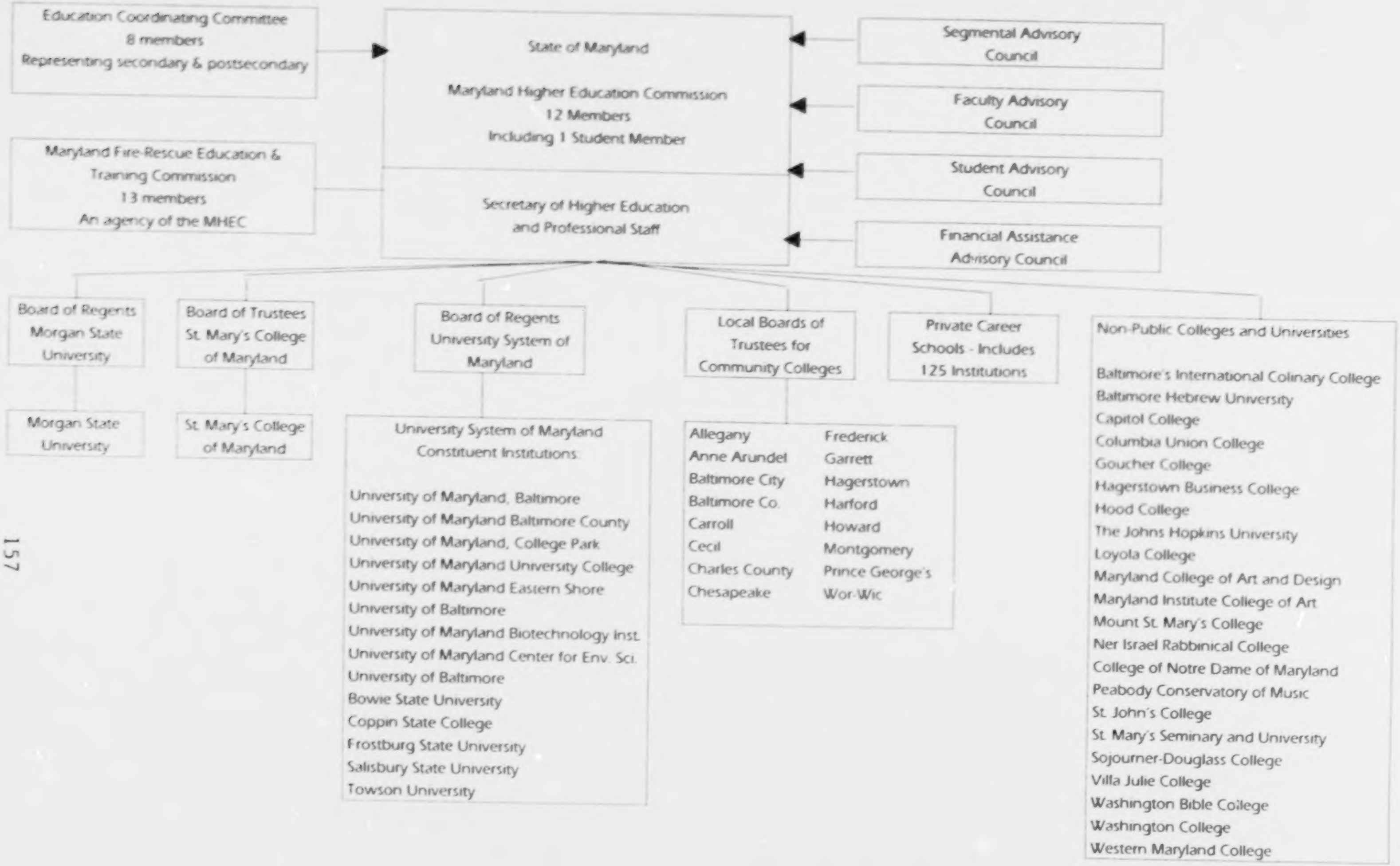
1985 University of Maryland Biotechnology Institute was established.

1988 University of Maryland System was created by the merger of the five University of Maryland institutions and the six member institutions of the State University and College System of Maryland.

1997 University of Maryland System renamed the University System of Maryland.

Appendix 6

1998 Organization of Postsecondary Education in Maryland



Education Coordinating Committee
8 members
Representing secondary & postsecondary
State of Maryland
Maryland Higher Education Commission
12 Members
Including 1 Student Member
Segmental Advisory Council
Faculty Advisory Council
Student Advisory Council
Financial Assistance Advisory Council
Maryland Fire-Rescue Education & Training Commission
13 members
An agency of the MHEC
Secretary of Higher Education and Professional Staff
Board of Regents Morgan State University
Board of Trustees St. Mary's College of Maryland
Board of Regents University System of Maryland
Local Boards of Trustees for Community Colleges
Private Career Schools - Includes 125 Institutions
Non-Public Colleges and Universities
Morgan State University
St. Mary's College of Maryland
University System of Maryland Constituent Institutions
University of Maryland, Baltimore
University of Maryland Baltimore County
University of Maryland, College Park
University of Maryland University College
University of Maryland Eastern Shore
University of Baltimore
University of Maryland Biotechnology Inst.
University of Maryland Center for Env. Sci.
University of Baltimore
Bowie State University
Coppin State College
Frostburg State University
Salisbury State University
Towson University
Allegany
Anne Arundel
Baltimore City
Baltimore Co.
Carroll
Cecil
Charles County
Chesapeake
Frederick
Garrett
Hagerstown
Harford
Howard
Montgomery
Prince George's
Wor-Wic
Baltimore's International Colinary College
Baltimore Hebrew University
Capitol College
Columbia Union College
Goucher College
Hagerstown Business College
Hood College
The Johns Hopkins University
Loyola College
Maryland College of Art and Design
Maryland Institute College of Art
Mount St. Mary's College
Ner Israel Rabbinical College
College of Notre Dame of Maryland
Peabody Conservatory of Music
St. John's College
St. Mary's Seminary and University
Sojourner-Douglass College
Villa Julie College
Washington Bible College
Washington College
Western Maryland College

Appendix 7

MARYLAND HIGHER EDUCATION COMMISSION

ACADEMIC PROGRAM PROPOSAL REVIEW AND APPROVAL PROCESSES

The Commission reviews all new academic program proposals and substantial modifications to existing programs. With respect to each public institution, the Commission either approves or disapproves program proposals. With respect to each non-public institution, the Commission either recommends that the proposal be implemented or that the proposal not be implemented. If non-public institutions implement new programs contrary to the Commission's recommendations, the Commission may recommend to the General Assembly a reduction in state funding associated with student enrollment.

SCHEDULE FOR PROGRAM REVIEW

- The schedule begins with the submission of a Letter of Intent and ends with the Secretary's action on a program proposal.
- Proposals may be submitted to the Commission **anytime during the year.**
- **By statute, the Commission has 150 days to take action on a proposal. In practice, the Secretary acts on proposals within a 45 day period.**

STEPS IN THE PROGRAM REVIEW PROCESS

The three major steps in the review of program proposals are:

- Submission and review of a Letter of Intent;
- Submission and review of a completed program proposal; and
- Review and final action by the Secretary of Higher Education.

LETTER OF INTENT

The review of a Letter of Intent shall provide:

- An opportunity for discussion of proposed program actions, among segments, institutions, and the Secretary;
- The institutions an opportunity to provide written comment to the Secretary on the proposed program;
- Information to the Secretary to determine the need for an institution to develop a full program proposal and selection of the type of proposal to be submitted; and
- A brief description of a proposed program action for staff consideration before the development of a full program proposal.

PROGRAM PROPOSAL

- A proposal is a plan for implementing a program action.
- Proposals shall be approved or endorsed according to the procedures of the appropriate institutional or segmental governing boards before formal submission to the Secretary.
- The Secretary may not take action until the proposal is submitted officially by the appropriate governing board.
- The proposal is not considered to be complete until the applicant submits supporting documentation requested by the Commission staff.
- Within 10 days after receipt of a proposal, the Secretary shall notify an institution of the official status of the institution's proposal.

CRITERIA FOR PROGRAM REVIEW

A program proposal shall receive particular scrutiny in determining the extent to which it addresses the following areas:

- Centrality to mission and planning priorities, relationship to the instructional program emphasis as outlined in the mission statements, and a campus priority for academic program development;
- Critical and compelling regional or statewide need as identified in the Maryland state plan;
- Quantifiable and reliable evidence and documentation of market supply and demand in the region and service area;
- Reasonableness of program duplication, if any;
- Adequacy of curriculum design and related learning outcomes;
- Adequacy of articulation;
- Adequacy of faculty resources;
- Adequacy of library resources;
- Adequacy of physical facilities and instructional equipment;
- Adequacy of financial resources with documentation;
- Adequacy of provisions for evaluation of program;
- Consistency with Commission's Minority Student Achievement Goals;
- Relationship to low productivity programs identified by Commission.

If the Secretary does not approve or endorse a program proposal, the Secretary shall provide a written explanation of the reasons for the disapproval. In this case, an institution may elect to:

- Revise a proposal to address the Secretary's reasons for disapproval and submit the revised proposal for reconsideration; or
- Have the matter reviewed by the Commission in accordance with the appeal procedure.
- A revised, resubmitted program proposal is considered a new proposal for purposes of the statutory 150-day time frame for Commission action.

Appendix 8

UNIVERSITY SYSTEM OF MARYLAND ACADEMIC PROGRAM APPROVAL PROCESS

In 1997 the University System of Maryland (USM) streamlined the process by which new academic programs at member institutions are approved to enable the institutions to be more responsive to emerging needs and more agile in an increasingly competitive marketplace. A list of programs submitted under this process is attached (see attachment A).

WHAT IS THE STREAMLINED PROCESS?

Phase 1: LETTER OF INTENT

Average Time to Completion: 60 days

An institution submits to USM Headquarters (USMH) a brief "Letter of Intent" to develop a new academic program. The letter is circulated to all other USM institutions for comment, including suggestions for improvement, offers of collaboration, or reservations about the program. Following this internal review, USMH forwards the letter of intent to the Maryland Higher Education (MHEC) for circulation to all other colleges and universities in the State. The submitting institution then has the opportunity to incorporate any feedback into its formal proposal.

Phase 2: PROGRAM PROPOSAL

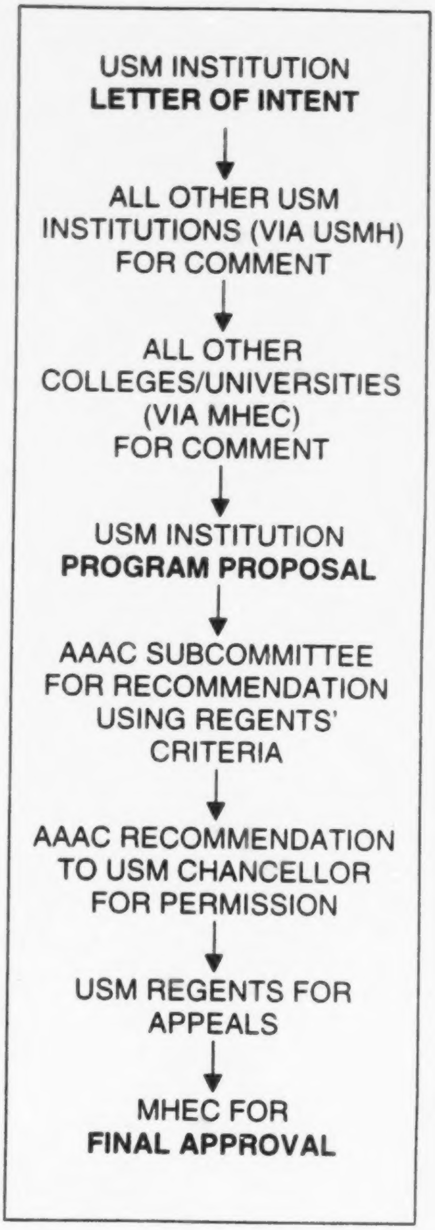
Average Time to Completion: 60 days

Based on the letter of intent and any feedback, the institution develops a formal program proposal, including a description of the course of study leading to the degree, faculty requirements, cooperative arrangements, and student access to instructional services. The proposal is submitted to USMH and is reviewed by a subcommittee of the Academic Affairs Advisory Council (AAAC is made up of the chief academic officers from each USM institution) against a set of Regents' approved criteria: institutional mission, student demand, employers' needs, duplication, and avenues for cooperation (see attachment B). If the USM institutions raise no serious concerns about the proposal, the subcommittee quickly reviews the proposal and send its recommendation to the Chancellor. If there are concerns, the subcommittee considers them in formulating its recommendation.

Phase 3: FINAL APPROVAL

Average Time to Completion: 7 days

The Chancellor considers the AAAC recommendation and makes the decision on whether or not to grant permission for the new program. In the case of a negative decision, the institution may appeal to the Regents' Education Policy Committee and to the full Board (see attachment C). A positive decision by the Chancellor is forwarded to MHEC for its final approval. Among other considerations, MHEC requires that all new programs be funded entirely through institutional reallocation.


USM INSTITUTION
LETTER OF INTENT
ALL OTHER USM INSTITUTIONS (VIA USMH) FOR COMMENT
ALL OTHER COLLEGES/UNIVERSITIES (VIA MHEC) FOR COMMENT
USM INSTITUTION
PROGRAM PROPOSAL
AAAC SUBCOMMITTEE FOR RECOMMENDATION USING REGENTS' CRITERIA
AAAC RECOMMENDATION TO USM CHANCELLOR FOR PERMISSION
USM REGENTS FOR APPEALS
MHEC FOR
FINAL APPROVAL

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HOW DOES THE NEW PROCESS DIFFER FROM THE OLD?

In the effort to make the old program approval process less cumbersome and time consuming, USMH and MHEC implemented a series of changes, including:

- a rolling review calendar (rather than fixed semi-annual submission dates);
- a clearly defined and limited number of criteria for AAAC review;
- a rapid review in AAAC for uncontested proposals;
- a commitment to quick turnaround in the Chancellor's review.

HOW MIGHT THIS PROCESS BE FURTHER STREAMLINED?

The 1988 legislation that formed USM emphasized the need to minimize program duplication. However, new developments in higher education call for increased flexibility in the marketplace. Therefore, USM supports an approach of "managed competition," under which USM institutions can develop programs within established parameters without prior external approval.

Academic Program Submissions
USM Institutions

Academic Program Submissions
as of December 18, 1998

Program Title	Institution	Letter of Intent		Proposal		Approved by MHEC
		USMH	MHEC	USMH	MHEC	
Doctorate of Communication Design	UB				6/11/97	5/21/98
BS in Early Childhood Studies	SSU/UMES	3/27/97	10/24/97	12/9/97	Withdrawn	
MA in History	SSU	6/19/97	10/24/97	2/17/98	2/26/98	5/15/98
BA/BS in Liberal Arts (Interdisciplinary Studies)	CSC	10/4/97	10/24/97	4/10/98/Rev. 6/18/98	6/19/98	
MFA in Arts Management	UMCP	9/11/97	11/12/97			
Ph.D. in Women's Studies	UMCP	9/11/97	11/12/97			
Asian-American Studies Certificate	UMCP	9/11/97	11/12/97			
BS in Health Systems Management	UB	11/19/97	1/9/98	8/12/9898	11/6/98	
MS in Negotiations and Conflict Management	UB	11/19/97	1/9/98	2/17/98	3/9/98	5/15/98
Master's Degree in Economic Policy Analysis	UMBC	11/20/97	1/9/98	12/22/97	2/23/98	7/17/98
Master of Accountancy	UMES	11/25/97	5/11/98			
MS in Applied Economics	TU	12/4/97	1/9/98			
BS in Management	TU	12/4/97	1/9/98	9/29/98	11/13/98	
BS in Finance	TU	12/4/97	1/9/98			
BS in Marketing	TU	12/4/97	1/9/98	9/29/98	11/13/98	
BS in Exercise Science	TU	12/4/97	1/9/98			
MS in Mathematics Education	TU	12/4/97	1/9/98	5/14/98	6/15/98	7/24/98
Post-Baccalaureate Certificate Biochemical Regulatory Engineering	UMBC	12/8/97	1/9/98			
Upper Division Certificate Program in Information Access and Use	UMCP	1/6/98	3/9/98			
B.A./B.S. in Family Studies	TU	1/7/98	3/9/98	10/27/98	12/18/98	
B.A./B.S. in Metropolitan Studies	TU	1/7/98	3/9/98			
M.A./M.S. in Women's Studies	TU	1/20/98	3/9/98	5/14/98	6/15/98	7/24/98
Ph.D. in Rehabilitation Science	UMB	1/26/98	3/9/98	9/28/98	11/20/98	
Master's/Ph.D. Atmospheric Physics	UMBC	2/3/98	5/6/98			
Master of Science in Nursing	CSC	3/12/98				
B.S. Physical Rehabilitation Science	CSC	1/26/98	3/9/98			
M.S. in Applied Health Physiology	SSU	3/5/98	5/11/98	11/4/98	12/18/98	
Master of Public Health in Community Health Education	UMCP	3/19/98	12/7/98			
B.S. Physician Assistant	UMES	4/6/98	5/11/98	11/24/98		
B.S. Business Economics	TU	4/6/98	5/11/98			
B.S. International Business	TU	4/6/98	5/11/98			

ATTACHMENT A

Academic Program Submissions

USM Institutions

Program Title	Institution	Letter of Intent		Proposal		Approved by MHEC
B.S. Technical & Professional Studies	TU	4/6/98	5/11/98			
M.S. Communications Management and Graduate Certificate in Strategic Public Relations and Integrated Communications	TU	4/6/98	5/11/98	10/27/98	12/18/98	
B.S. in Molecular Biology, Biochemistry, and Bioinformatics	TU	4/14/98	5/11/98	9/29/98	11/13/98	
Doctorate of Management	UMUC	4/16/98	10/16/98			
Executive Doctorate in Management	UB	4/20/98	10/16/98			
BFA Degree in Acting	UMBC	4/20/98	6/15/98	11/30/98		
M.A. in Comparative World History	TU	4/27/98	6/15/98	10/15/98	11/13/98	
M.S. in Human Services	UB/CSC	5/8/98	6/15/98			
B.A. in Technology & Professional Applications	UB	5/8/98	6/15/98			
B.A. in Conflict Management & Dispute Resolution	SSU	5/12/98	6/15/98			
Master's in Career and Technology Education	UMES	6/19/98	10/16/98			
B.S. in Pediology	BSU	6/26/98	10/16/98			
B.S. in Industrial Hygiene	BSU	6/26/98	10/16/98			
B.S. in Medicinal Chemistry	TU	7/1/98	10/16/98			
Post Baccalaureate Certificate in Technology Commercialization	UMBC/UB	7/20/98	10/16/98			
Master of Business Administration	UMUC	10/2/98	11/13/98			
M.Ed. in Curriculum and Instruction	CSC	10/14/98 Resubmitted 12/2/98				
Graduate Certificate in Certificate of Advanced Study in Counseling Psychology	TU	10/15/98	11/13/98			
Graduate Certificate Clinician to Administrator Transition	TU	10/15/98	11/13/98			
BA/BS in Music	TU	10/27/98	12/18/98			
Upper Division Certificate Program in International Agriculture & Natural Resources	UMCP	11/2/98		11/19/98		
BA/BS in Religious Studies	TU	11/16/98	12/18/98			
BA in Cultural Anthropology	UMBC	11/18/98	12/18/98			
BA in Visual Arts	UMBC	11/18/98	12/18/98			
BA in Financial Economics	UMBC	11/18/98	12/18/98			
Upper Division Certificate in Women's Studies	UMBC	11/18/98	12/18/98			
MS in Electronic Commerce	UMBC	11/18/98	12/18/98			
Master of Engineering, Mechanical	UMBC	11/18/98	12/18/98			
Graduate Certificate in Computational Thermal/Fluid Dynamics	UMBC	11/18/98	12/18/98			

Academic Program Submissions

USM Institutions

Program Title	Institution	Letter of Intent		Proposal		Approved by MHEC
Graduate Certificate in Electronic Commerce	UMBC	11/18/98	12/18/98			
Ph.D. in Public, Institutional and Policy History	UMBC	11/18/98				
Ph.D. in Gerontology	UMB/UMBC	11/18/98				
Master of Arts in Teaching	FSU	12/7/98				
MS Applied Information Technology	TU	12/7/98				
Information Items: M.S. in Human Resource Development	TU/So. Md. Higher Ed Center			9/2/98	9/3/98	
Master of Business Administration	UMCP at UMB			7/6/98	7/9/98	8/18/98

P:\academic program submissions

ATTACHMENT B

UNIVERSITY SYSTEM OF MARYLAND

PRINCIPLES AND PROCESS FOR ACADEMIC PROGRAM DESIGN AND APPROVAL

(As amended and approved by the BOR Committee on Education Policy, September 23, 1997 and by the full Board of Regents, October 3, 1997)

Introduction

The University System of Maryland (USM) strives to deliver to its diverse student clienteles high quality academic programs designed to meet their needs and the changing demands of the career environments they now or will experience. The University System is obliged to ensure that this is accomplished with the most efficient possible application of the limited resources available to it. This requires careful and continuing attention to the program portfolios of all System institutions, including continuous improvement of existing programs, timely abolition of outmoded or inefficient programs, and the design and development of new programs to meet new demands and opportunities. The University System must also take care in the development and refinement of its program portfolio to reinforce its commitment to access and diversity through maintenance at the historically black institutions of unique programs with statewide draw for students of all races.

Responsibilities and Authorities

The primary responsibility for maintenance and improvement of each institution's program portfolio rests with the institution. Each institution has the authority to improve or to abolish existing institutional programs. Each institution also has the authority to develop new programs and to propose their approval.

Final authority to approve implementation of new programs rests with the Maryland Higher Education Commission (MHEC). New program proposals from any USM institution to MHEC must be approved and transmitted to MHEC by the Chancellor of the University System of Maryland. The Chancellor's approval and transmittal is based on System-wide review and advice by the Vice Chancellor for Academic Affairs and the Academic Affairs Advisory Council (AAAC).

Principles and Objectives for New Programs

Each institution's program portfolio should be designed to enhance its competitiveness relative to its peers, regionally, nationally, and, in some cases, globally.

The requirement for System-wide cost-effectiveness and efficiency should be balanced against the need to provide extensive student access to a broad array of programs of the highest quality.

The requirement for System-wide cost-effectiveness and efficiency calls for building on institutional strengths in the development of a System-wide comprehensive portfolio of distinctive and complementary academic programs. This should be done with appropriate consideration of the declining importance of the relative spatial and temporal locations of teacher and student due to new educational technologies. Wherever possible, interinstitutional collaboration in the creation and delivery of academic programs should be fostered.

The process of design, development, approval, and implementation of new programs should be as timely and efficient as possible, consistent with adequate participation and consultation by all relevant parties. Each institution and System Headquarters is responsible for streamlining its part of the process. System Headquarters is also responsible for working with MHEC and its staff to optimize the MHEC part of the process.

Process Guidelines

The following guidelines apply to the academic program approval process within the USM.

New On-Campus Baccalaureate and Master's Programs

In general, before any institution proposes a new academic program, it will have established that (1) there exists sufficient client demand to suggest that the program will be viable, and (2) adequate resources exist to support program costs. Often, the necessary resources will be made available through an internal reallocation process, while in some circumstances there will be a clear commitment of new funding from an external source. Once both demand and resources have been addressed, the following guidelines will apply.

1. Approval will be given any new academic program that lies within a proposing institution's program emphasis as described in its current mission statement and is not substantially duplicated in any other System institution.
2. An institution proposing a new academic program that lies within its program emphasis as described in its current mission statement, but is substantially duplicated in one or more other System institutions, should explore the collaborative participation of such other institutions in the delivery of the program early in its planning process.
3. An institution proposing a new academic program that lies outside its program emphasis as described in its current mission statement and is also substantially duplicated in one or more other System institutions must demonstrate that client demand is sufficient to support an additional program of the proposed type within the USM. Wherever feasible the program should be offered as joint or primary with the other USM institutions currently offering the program.
4. An institution proposing a new academic program that lies outside its program emphasis as described in its current mission statement but is not offered by any other USM institution should, in addition to demonstrating need and resource availability, document that the proposed use of new

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and/or reallocated resources necessary to support delivery of the new program will not adversely affect the institution's existing program inventory.

New Doctoral Degree Programs

While recognizing and affirming the importance of prudent resource allocation, as reflected in the limitation of authority to grant the resource intensive research doctorate to only a few System institutions that are so charged and configured, the USM must also recognize changes in the academy and in the marketplace that compel us to look beyond our traditional and sometimes narrow view of the highest-earned degree. Just as doctoral-level professional degrees have been created in education and other fields, new fields are emerging that require more sophisticated application of knowledge, for example, technology, management, health care, and communications. As the overall educational level and the knowledge base expand dramatically, the USM must respond to the need for more professional/applied doctorates to serve as capstone credentials for those employed outside of the academy.

1. New doctoral degree programs proposed by an institution authorized to award the Ph.D. will be handled according to the above guidelines for baccalaureate and master's programs.
2. New doctoral degree programs proposed by an institution not authorized to award the Ph.D. will be approved if:
   - the proposed degree program leads to an applied/professional degree, not a research degree;
   - there is a demonstrable need for the program;
   - no USM institution currently offering a program that substantially duplicates the proposed program can or will meet the demonstrated demand by off-campus extension;
   - resources can be made available to support delivery of the proposed program without negative impact on the institution's undergraduate programs or its faculty workload.

Off-Campus Program Delivery

All USM institutions are strongly encouraged to respond to off-campus demand for any of their currently-approved on-campus programs by delivering such programs at off-campus sites or to individual off-campus students by any means available, resources permitting, without restriction as to territory. Off-campus sites or students may be located anywhere, worldwide. Institutions intending to provide such off-campus delivery of programs should signal their intentions to any USM institutions located in the delivery region and to System Headquarters.

Partnerships with Community Colleges

The policy of the USM is to work proactively with Maryland community colleges to identify regional and statewide needs for academic programs and to work together with MHEC to develop 2+2 programs between USM institutions and Maryland community colleges to meet those needs. The

USM institution that has the four-year program of choice in a proposed 2+2 program has first priority to participate and the obligation to act in a timely manner.

ATTACHMENT C

III - 7.01 - RESOLUTION REGARDING ACTION BY THE BOARD OF REGENTS TO DELEGATE TO THE CHANCELLOR OF THE UNIVERSITY OF MARYLAND SYSTEM THE AUTHORITY TO REVIEW AND APPROVE NEW ACADEMIC PROGRAMS

(Approved by the Board of Regents, April 26, 1990)

WHEREAS Section 12-106(c) of the Maryland Educational Code Annotated authorizes the Board of Regents to review and to approve before implementation (1) any new program, and (2) any substantial expansion or modification, curtailment, or discontinuance of any existing program; and

WHEREAS Section 12-104(i) allows the Board to delegate any part of its authority to the Chancellor; and

WHEREAS the Board has reason to believe that the duplicative review of new academic program proposals--first by the constituent institution, then by the chief academic officers who comprise the Academic Affairs Advisory Council, then by the System Administration, then by the Board--uses time and resources that could more profitably be dedicated to other matters and serves no discernible public purpose; and

WHEREAS the Board wishes to adopt a procedure for the review and approval of new academic programs that eliminates duplicative steps and allows the members of the Board more effectively to focus their collective attention upon significant issues of policy;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

(1) The Board of Regents hereby delegates to the Chancellor the authority to approve new academic programs and any substantial expansion or modification, curtailment, or discontinuance of an existing program, in accordance with Section 12-106(c).

(2) In accordance with Section 12-106(b), new programs shall be consistent with the established mission of the institution, and not unnecessarily duplicative of programs at other institutions.

(3) If the Chancellor disapproves a program proposal, then the proposing institution shall be entitled, upon request, to have the matter reviewed by the Board through its Educational Policy Committee.

(4) The Chancellor shall present a report to the Board at each meeting summarizing program prospectuses received and program actions taken since the last meeting.

Appendix 9

Changes in Maryland Law Necessary to Change the USM to a Public Corporation and Achieve More Management Flexibility

The only legal requirement for a public corporation is that the corporation be founded for a political purpose (as opposed to a purpose of private gain). There are no other legal guidelines as to what constitutes a public corporation or what powers a public corporation holds. Each time a public corporation is created by the legislature, its individual properties are specified by statute. Accordingly, no two Maryland "public corporations" have the exact same properties.

Set forth below are various policy options available for reconstituting the USM as a public corporation as well as the statutory language necessary to implement the options:

- **Changing the status of the USM from a State agency to a public corporation**

Add to §12-102 of the Education Article:

(1) THERE IS A BODY CORPORATE AND POLITIC KNOWN AS THE UNIVERSITY SYSTEM OF MARYLAND.

(2) THE UNIVERSITY IS AN INSTRUMENTALITY OF THE STATE AND A PUBLIC CORPORATION.

(3) THE UNIVERSITY IS AN INDEPENDENT UNIT OF STATE GOVERNMENT AND IS NOT SUBJECT TO THE AUTHORITY OF ANY OTHER UNIT, AGENCY, OR BRANCH OF STATE GOVERNMENT EXCEPT AS SET FORTH IN THIS SUBTITLE OR TITLE 11 OF THIS ARTICLE.

(4) THE EXERCISE BY THE UNIVERSITY OF THE POWERS CONFERRED BY THIS SUBTITLE IS THE PERFORMANCE OF AN ESSENTIAL PUBLIC FUNCTION.

- **Powers of the USM as a public corporation**

General corporate powers (most of which are already provided in § 2-103 of the Corporations and Associations Article):

Add to §12-104:

IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS TITLE, THE UNIVERSITY MAY:

(1) EXERCISE ALL THE CORPORATE POWERS GRANTED MARYLAND

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CORPORATIONS UNDER THE MARYLAND GENERAL CORPORATION LAW;

(2) ADOPT AND ALTER AN OFFICIAL SEAL;

(3) SUE AND BE SUED, COMPLAIN, AND DEFEND IN ALL COURTS;

(4) MAINTAIN AN OFFICE AT THE PLACE THE BOARD OF REGENTS MAY DESIGNATE; AND

(5) ENTER INTO CONTRACTS OF ANY KIND, AND EXECUTE ALL INSTRUMENTS NECESSARY OR CONVENIENT IN CARRYING OUT THE POWERS SET FORTH IN THIS SUBTITLE.

Options Available as Other Powers of the Public Corporation

Land acquisition: Currently, all land acquisition is handled by the Department of General Services in accordance with Title 4 of the State Finance and Procurement Article. If it is decided that USM should handle its own land acquisition, another policy decision is whether USM should have the powers of condemnation and quick-take (powers that the Maryland Stadium Authority currently holds).

For land acquisition generally:

Add to general powers set forth in § 12-104:

IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS TITLE, THE UNIVERSITY MAY ACQUIRE, HOLD, LEASE, USE, ENCUMBER, TRANSFER, OR DISPOSE OF REAL AND PERSONAL PROPERTY.

And add a new subsection specifically dealing with land acquisition in § 12-104:

SUBJECT TO ANNUAL APPROPRIATIONS AND THE PROVISIONS OF THIS SUBTITLE, THE UNIVERSITY MAY ACQUIRE IN ITS OWN NAME, BY GIFT, PURCHASE, OR CONDEMNATION, ANY REAL OR PERSONAL PROPERTY, OR INTERESTS IN PROPERTY, NECESSARY OR CONVENIENT TO CONSTRUCT OR OPERATE ANY FACILITY.

To allow USM to acquire land by condemnation, add to the new subsection on land acquisition:

(1) THE UNIVERSITY, WHEN ACQUIRING IN ITS OWN NAME ANY REAL OR PERSONAL PROPERTY, OR INTERESTS IN PROPERTY FIRST SHALL ATTEMPT TO ACQUIRE REAL OR PERSONAL PROPERTY BY MEANS OF NEGOTIATION AND PURCHASE.

> (2) IF THE UNIVERSITY IS NOT ABLE TO ACQUIRE REAL OR PERSONAL PROPERTY BY THE MEANS SET FORTH IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE UNIVERSITY MAY EXERCISE THE POWERS OF CONDEMNATION FOR PRIVATE PROPERTY, AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, IF APPROPRIATE.
>
> (3) SUBJECT TO THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION AND TO THE PRIOR APPROVAL OF THE BOARD OF PUBLIC WORKS AND REVIEW BY THE LEGISLATIVE POLICY COMMITTEE, THE UNIVERSITY MAY EXERCISE THE POWER OF ORDINARY CONDEMNATION FOR ANY PRIVATE PROPERTY FOR ANY PURPOSE OF THE UNIVERSITY IN ACCORDANCE WITH THE PROVISIONS OF TITLE 12 OF THE REAL PROPERTY ARTICLE.

To authorize the acquisition by quick take, add the following language to the new subsection on land acquisition:

> SUBJECT TO THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION (which would authorize USM to acquire property by condemnation subject to annual appropriations) AND TO THE PRIOR APPROVAL OF THE BOARD OF PUBLIC WORKS AND REVIEW BY THE LEGISLATIVE POLICY COMMITTEE, THE UNIVERSITY MAY EXERCISE THE POWER CONFERRED BY ARTICLE III § 40A OF THE STATE CONSTITUTION TO ACQUIRE IN BALTIMORE CITY FOR THIS STATE BY QUICK TAKE CONDEMNATION ANY PRIVATE PROPERTY FOR ANY PURPOSE OF THE UNIVERSITY IN ACCORDANCE WITH THE PROVISIONS OF §§ 8-334 THROUGH 8-339 OF THE TRANSPORTATION ARTICLE AND APPLICABLE PROVISIONS OF TITLE 12 OF THE REAL PROPERTY ARTICLE.

Borrowing Money: Under §12-105(c) of the Education Article, the USM Board of Regents has the authority to borrow money to acquire interests in personal property.

To allow the USM Board of Regents to borrow money for any corporate purpose, add to the general powers set forth in § 12-104:

> IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS TITLE AND SUBJECT TO THE APPROVAL OF THE BOARD OF PUBLIC WORKS, THE UNIVERSITY MAY BORROW MONEY FROM ANY SOURCE FOR ANY CORPORATE PURPOSE, INCLUDING WORKING CAPITAL FOR ITS OPERATIONS, RESERVE FUNDS OR INTEREST, AND MORTGAGE, PLEDGE, OR OTHERWISE ENCUMBER THE PROPERTY OR FUNDS OF THE UNIVERSITY, AND CONTRACT WITH OR ENGAGE THE SERVICES OF ANY PERSON IN CONNECTION WITH ANY FINANCING, INCLUDING FINANCIAL INSTITUTIONS, ISSUERS OF CREDIT, OR INSURERS.

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Public improvements: Under § 4-410 of the State Finance and Procurement Article, for USM public improvement projects, regardless of the source of funds, for architectural and engineering services costing less than $100,000, the Department of General Services (DGS) is required to make the procurement and for architectural and engineering services exceeding $100,000, DGS is required to make a recommendation for the award of the contract. For public improvement projects financed in whole or in part with State funds, additional procedures, involving DGS, apply. For any public improvement project funded solely from funds other than State general funds or the proceeds of a general obligation bond loan, the University is responsible for procuring public improvement services, for planning and for management of all aspects of the project.

To authorize USM to manage completely its public improvement projects:

> Amend § 4-402 and § 4-410 of the State Finance and Procurement Article to eliminate the role of the Department of General Services in USM public improvement projects and authorize USM to directly procure architectural and engineering services, (this grant of authority also could be made contingent on the review and approval of the Board of Public Works); and
>
> Add to the general powers of the USM set forth in § 12-104 of the Education Article:
>
> IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS TITLE, THE UNIVERSITY MAY EMPLOY, AND FIX THE COMPENSATION OF, EITHER AS REGULAR EMPLOYEES OR INDEPENDENT CONTRACTORS OF THE UNIVERSITY OR ITS CONSTITUENT INSTITUTIONS, CONSULTANTS, ENGINEERS, ARCHITECTS, ACCOUNTANTS, ATTORNEYS, FINANCIAL EXPERTS, CONSTRUCTION EXPERTS AND PERSONNEL, SUPERINTENDENTS, MANAGERS AND OTHER PROFESSIONAL PERSONNEL, AND PERSONNEL AND AGENTS AS MAY BE NECESSARY IN THE JUDGMENT OF THE UNIVERSITY.

Procurement: As one of the eight primary procurement units in the State, the USM may engage in the procurement of supplies, services, construction, construction related services and leases of real property for the University. Service, construction, and maintenance contracts in excess of $100,000, as well as capital expenditure projects, currently require review and approval by the Board of Public Works. Approval of the Department of Budget and Management is required for administrative information technology contracts that exceed $25,000.

Options to allow more flexible procurements:

> To exempt from the procurement law specified types of procurements undertaken by the USM in which the current regulatory process is too

cumbersome, add only those specific procurements to the list of excluded contracts/entities in § 11-203 (a) of the State Finance and Procurement Article.

To exempt specially designated institutions in the USM from some of the administrative regulatory processes of state government, add language, as necessary, that provides special exclusions and rules applicable only to those institutions.

To establish State policies and procedures that recognize the unique nature of procuring goods and services for public colleges and universities, add language to both Title 12 of the Education Article and Title 11 of the State Finance and Procurement Article that requires the development of a plan by the USM Board of Regents, the Board of Public Works, and the Maryland Higher Education Commission to establish more appropriate guidelines for USM procurements.

To exempt the USM from the procurement law but still require USM procurements to be made in a manner that promotes the principles of the State Procurement Law (set forth in §11-201(a) of the State Finance and Procurement Article):

> Amend § 11-203 of the State Finance and Procurement Article to add the University System of Maryland to the list of entities, including St. Mary's College of Maryland, that are exempt from most of the provisions of the procurement law; and
>
> Add to the general powers and duties of the USM Board of Regents set forth in § 12-104 of the Education Article:
>
> SUBJECT TO REVIEW AND APPROVAL BY THE BOARD OF PUBLIC WORKS, THE BOARD OF REGENTS SHALL ESTABLISH PROCUREMENT POLICIES AND PROCEDURES FOR THE UNIVERSITY SYSTEM OF MARYLAND.

To exempt the USM from the procurement law, except for the provisions governing minority business participation:

Add to the §11-203 of the State Finance and Procurement Article:

> (E) EXCEPT AS PROVIDED IN TITLE 14, SUBTITLE 3 OF THIS ARTICLE, THIS DIVISION II DOES NOT APPLY TO THE UNIVERSITY SYSTEM OF MARYLAND.

Personnel: Current law requires the USM Board of Regents, with the involvement of the Chancellor and the presidents, to establish general standards and guidelines governing the appointment, compensation, advancement, tenure, and termination of all faculty and administrative personnel in the University System of Maryland. Subject to these standards and guidelines, a president may prescribe additional personnel policies and approve individual personnel actions affecting the terms and conditions of academic and administrative appointments. The University System of Maryland has its own personnel system outside the State Personnel Management System. After appointment, employees in positions designated by the USM shall be regarded and treated in the same manner as skilled service or professional employees, with the exception of special appointments, in the State Personnel Management System. Additionally, USM has its own separation and grievance procedures, however, the Secretary of Budget and Management has the authority to make the final decision in Step three of the grievance procedure.

To authorize presidents to develop the personnel system for their individual institutions, amend § 12-109 (e)(4) of the Education Article as follows:

(4) [Appoint] DEVELOP AND IMPLEMENT APPROPRIATE PERSONNEL SYSTEMS AND POLICIES, AND APPOINT, promote, fix salaries, grant tenure, assign duties, and terminate personnel.

To exempt the USM completely from the State Personnel Management System, amend § 12-111 of the Education Article as follows:

12-111.

(a) [Except as otherwise provided by law, appointments] APPOINTMENTS of the University System of Maryland are not subject to or controlled by the provisions of the State Personnel and Pensions Article that govern the State Personnel Management System.

(b) After appointment, employees in positions designated by the University [shall be regarded and treated in the same manner] as COMPARABLE TO skilled service or professional service employees [, with the exception of special appointments,] in the State Personnel Management System [and] SHALL:

(1) [Have all rights and privileges of skilled service or professional service employees, with the exception of special appointments, in the State Personnel Management System;

(2) Have the right of appeal as provided by law in any case of alleged injustice;

(3) Shall be] BE paid salaries not less than those paid in similar classifications in other State agencies; and

[(4)] (2) Shall retain their vacation privileges, retirement status, and benefits under the State retirement systems.

[(c) Subject to subsection (b) of this section, the Board of Regents shall establish general policies and guidelines governing the appointment, compensation, advancement, tenure, and termination of all classified personnel.]

Additionally, add exemption language in the Education Article and the State Personnel and Pensions Article:

THE UNIVERSITY IS EXEMPT FROM THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL AND PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT SYSTEM.

To give institutions more autonomy in the procedures governing grievances, change the procedures set forth in Title 13, Subtitle 2 of the Education Article. Instead of requiring the chancellor to investigate and hear grievances, shift that responsibility to the presidents. Additionally, to gain more autonomy, change the role of the Secretary of Budget and Management in rendering the final decision in Step three of grievance appeals by either eliminating Step three entirely or substituting the chancellor in that role.

Information Technology/Financial Management Systems: Under § 12-105 (g) of the Education Article, the USM is required to use the statewide Financial Management System administered by the Executive Branch as its accounting, budgeting, personnel, and payroll system. Additionally, under §§ 3-404 and 3-405 of the State Finance and Procurement Article, the USM is required, as are most units of the Executive Branch, to participate in the State Information Technology Plan.

To allow the institutions in the USM to develop and use a different management system, amend § 12-105 (g) of the Education Article as follows:

12-105 (g) (1) Notwithstanding any other provision of law, the University [shall] MAY NOT BE REQUIRED TO use the statewide Financial Management Information System as administered by the Executive Branch as its accounting, budgeting, personnel, and payroll system.

(2) THE BOARD OF REGENTS SHALL APPROVE AN INFORMATION SYSTEM THAT MEETS THE ACCOUNTING, BUDGETING, PERSONNEL, AND PAYROLL NEEDS OF THE INSTITUTIONS IN THE UNIVERSITY SYSTEM OF MARYLAND.

To exempt the USM from the State Information Technology Plan, amend § 3-401 of the State Finance and Procurement Article, relating to the applicability of these requirements to units of the Executive Branch, as follows:

> 3-401 (a) This subtitle does not apply to changes relating to or the purchase, lease, or rental of information technology by:
>
> (1) the University College of the University System of Maryland for use in University College overseas programs;
>
> (2) public institutions of higher education solely for academic or research purposes; [or]
>
> (3) the Maryland Port Administration; OR
>
> (4) THE UNIVERSITY SYSTEM OF MARYLAND.
>
> (b) Notwithstanding any other provision of law, except as provided in subsection (a) of this section, this subtitle applies to all units of the Executive Branch of State government including [the University System of Maryland and all other] PUBLIC institutions of higher education OTHER THAN THE UNIVERSITY SYSTEM OF MARYLAND.

- **Oversight/Public Accountability of the Public Corporation**

Depending on how much additional autonomy is provided statutorily to the USM as a public corporation, another policy decision is whether to revise current reporting requirements and auditing procedures.

FEDERAL REPORTING REQUIREMENTS

REPORT	PURPOSE/COMMENTS	APPLICABILITY
Completions (degrees) Addendum	Federal Requirement	All higher education institutions
Institutional Characteristics	Federal Requirement Students charges; calendar and admissions requirements and services	All
Finance	Federal Requirement Revenues by source, expenditures by function, endowment assets.	All
Libraries (Bienniel)	Federal Requirement Collections, transactions, staff, service per typical week, and operating expenditures.	
Fall Enrollment Addendum	Federal Requirement	Public 4-Year Institutions
Fall Staff Addendum (Bienniel)	Federal Requirement - EEOC driven.	Public 4-Year Institutions
Salaries - Tenure and Fringe Benefits of Full-time Instruction Faculty	Federal Requirement Salaries and fringe benefits of full-time faculty by gender and tenure status.	All
Fall Staff (Biennial)	Federal Requirement (IPEDS/OCR/EEOC)	Independents
Graduation Rate Survey	Federal Requirement National Survey of graduation rates.	All
Survey of Community college Degree Recipients and Employers (Biennial)	Planning Data/Federal Requirement Graduate survey includes information about transfer status, employment and occupational situation, current residency, and perceptions of college experience. Employers survey taps the views of firms and organizations about the preparation of graduates for the workforce. Employment survey needed to meet Perkins Act which drives career technical education funding. The biennial graduate survey is the only source of outcomes information. Biennial employers survey gives good PR for campuses. Used in Accountability Report.	Community Colleges

Appendix 10

FEDERAL REPORTING REQUIREMENTS

REPORT	PURPOSE/COMMENTS	APPLICABILITY
Qualitative program Evaluations (if appropriate)	Federal Requirement Review of Occupation Programs receiving funds under the Perkins Act.	Community Colleges
Capital Projects Quarterly Progress Reports	Project quarterly expenses for bond bill sale. This report is needed to project expenses and to track progress of projects.	Community Colleges
Degree Information System	Planning Data and Requirement. Tracks the number of degrees and certificates awarded by variety of attributes. It supplies information for Program Producitvity Report/retention and graduation studies.	All
Enrollment Information System	Annual Planning/Policy Analysis/Federal Requirement IPEDS/OCR/MSDE Number of students enrolled each fall. This is the basis source of data on number of students enrolled by attributes; it tracks transfers; it examines retention and graduation rates. It is integral to planning and policy analysis.	All
Employee Data System	Planning/Policy Analysis/Federal Requirement IPEDS/OCR/EEOC Data on the number of employees at public campuses each fall. Tracks trends in faculty and professional staff on various attributes. It is integral to planning and policy analysis. MHEC has made changes to reduce data reporting burden regarding part-time employees.	Public 4-Year Institutions

REPORTS REQUIRED FROM USM INSTITUTIONS TO GOVERNOR, GENERAL ASSEMBLY

TO	FROM	SUBJECT	FREQUENCY	REASON	CITATION
Board of Public Works and Department of Fiscal Services	USM	Prior year's sources and amounts of payments used to support auxiliary and academic facilities authorized by the Academic Facilities Bond authority.	Annually by September 1	Data is not reported separately in a specialized report. Information is retained and transmitted to DFS/BPW throughout the year upon request.	Education Article, 19-102 (e) (2) (i)
Department of Fiscal Services	USM	Anticipated sources and amounts of payments required for next fiscal year for auxiliary and academic facilities bonds.	Annually by December 1	Data is not reported separately in a specialized report. Information is retained and transmitted to DFS throughout the year upon request. Capital Budget incorporates this data	Education Article, 19-102 (e) (2) (ii)
Legislative Policy Committee	Each Governing Board	A list of sponsored research approved by each of the public colleges and universities.		Information will continue to be collected and retained. There are many internal and external uses for this data.	Chapter 312, Section 2, Laws of 1990
Governor, MHEC, USM, General Assembly	Board of Vistors	Annual reports of activities.	Annually by October 1		Education Article, 12-109 (f)
General Assembly, USM	University College	Audited financial statements of University College (except for overseas program).	Annually	An opinion is rendered on the USM combined audited financial statements with supplemental data showing each institution. Materials are provided to the Legislative Librarian. Unnecessary reporting requirement.	**Repealed 1997**
General Assembly, Governor, USM	Board of Directors	Medical System corporation fiscal year report on operations of the Corporation: uncompensated cases, number of Medicaid patients visits, number of patient visits by subdivision.	Annually (as soon as possible after end of fiscal year)		Education Article, 13-303 (h)

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REPORTS REQUIRED FROM USM INSTITUTIONS TO GOVERNOR, GENERAL ASSEMBLY

TO	FROM	SUBJECT	FREQUENCY	REASON	CITATION
Board of Public Works	USM	Operation and effectiveness of Small Business Preference Program	Within 90 days after end of the fiscal year	For BPW use	State Finance and Procurement Article, 14-208
Joint Audit Committee	USM	Use of nonbudgeted or dedicated funds for capital construction projects.	Annually on or before January 10	This is not an integral part of the budgeting process. These projects are managed by other methods.	Education Article, 12-105 **Repealed 1997**
Legislative Policy Committee	Board of Regents	Feasibility and fiscal implications of managing architectural and engineering contracts exceeding $100,000 selecting contractors and managing construction contracts and procuring all services concerning self-funded public improvement projects. Report must especially include amount of staff needed to undertake this authority and any anticipated benefits of assuming this responsibility.	One Report by December 1, 1995		Chapter 312, Section 2, Laws of 1990

REPORTS REQUIRED FROM MARYLAND HIGHER EDUCATION COMMISSION TO GOVERNOR, GENERAL ASSEMBLY

TO	SUBJECT	FREQUENCY	REASON	CITATION
Legislative Policy Committee	Utilization of monies transferred from Physician Quality Assurance Program to Health Manpower Shortage Incentive Grant Program and to Loan Assistance Repayment Program. Full report on the effect of this Act regarding recruitment and retention of individuals to work in Maryland in certain health occupations under ξ ξ18-804.1 and 18-1602.	Annually by December 31	Program address shortage areas and provide incentives to students to work in these fields in the State. Supports institutions with eligible academic programs. Relatively simple report to complete.	Chapter 628, Section 2, Laws of 1993
General Assembly	The number and the nature of extenuating circumstances of appeals granted to waive 3.0 GPA requirement of Distinguished Scholar Program.	Annually by January 1	These appeal decisions are reviewed by the Secretary. Students have the right to appeal in other programs and these decisions are not reported to the General Assembly. Originally, no appeals were allowed under this program. At the time the law was changed to allow appeals, a clause was included that required the report to the General Assembly.	Education Article, ξ18-1106 **Repealed 1997**
General Assembly	Implementation of Loan Assistance Repayment Program.	Annually by January 1	Small program. Recipients are already employed in the field, so program does not increase employment in shortage areas. Data is available upon request from MHEC.	Education Article, 18-1605 **Repealed 1997**
General Assembly, Governor	Reciprocal State Scholarship Program.	Annually	No longer entering into reciprocal agreements with other states.	Education Article, 18-307 (d) **Repealed 1997**
General Assembly, Governor	Review of the State Plan concerning status and needs of higher education.	Annually by July	Mandated	Education article, 11-105 (b)

REPORTS REQUIRED FROM
MARYLAND HIGHER EDUCATION COMMISSION
TO GOVERNOR, GENERAL ASSEMBLY

TO	SUBJECT	FREQUENCY	REASON	CITATION
General Assembly Governor	Proposed operating and capital budgets for USM, MSU, SMC, and State Advisory Council for Title 1.	Annually	Necessary for MHEC to function as a coordinating body.	Education Article 11-105 (h)
General Assembly, Governor	Presidents' accountability reports and Commission comments and recommendations.	Annually	Mandated	Education Article, 11-307
General Assembly, Governor,	Activities of Maryland Fire-Rescue Education and Training Commission.	Annually	The Commission uses the report to communicate with entire fire and rescue service community.	Education Article, 11-503 (a) (12)
General Assembly, Governor	Evaluation of federal aid for which, in next fiscal year, unit will request an increased appropriation from the General Fund.	Within 90 days after end of FY	A statewide requirement coordinated by one agency. Reports submitted to Department of Budget and Fiscal Planning for inclusion in a consolidated statewide report. Important for budget planning.	State Finance & Procurement Article, 2-204 (c)

REPORTS REQUIRED FROM MARYLAND HIGHER EDUCATION COMMISSION TO GOVERNOR, GENERAL ASSEMBLY

TO	SUBJECT	FREQUENCY	REASON	CITATION
Joint Chairmen	Tuition waiver and remission for past fiscal year. As of 1998, this Joint Chairmen's Report is still being requested	December 1	The only Joint Chairmen's Report with an indefinite life. Still being requested as of 1998.	
Legislative Policy Committee	Tuition Reduction and State Aid Program for out-of-State Nursing Students	Annually	Report includes number of participants and status of graduates (working in the state or repaying the tuition reduction).	Education Article 18-109 (c)
Economic & Environmental Affairs and Ways & Means Committees	Educational excellence award program.	Annually 9/1	No longer statutorily required.	Chapter 462, Sec. 7, Laws of 1991. **Repealed 1997**
AELR Committee, Governor	Work plan for evaluation of agency regulations and report of evaluation.	Proposed: 1/1/97 Plan 7/1/97 Report	Forces the agencies to periodically re-examine their regulations.	State Government Article 10-134, 10-135
Senators and Delegates	A list of individuals in each legislative district to whom Educational Excellence Awards are given.	On or before May 1 of each year	Many legislators use this information when they make awards from their own programs.	Education Article 18-307
General Assembly	If MHEC restructures the existing Economic Development Student Assistance Grant Program to address existing critical shortages, it must notify the General Assembly.	When certain action takes place	In the event MHEC decides to restructure the program, it seems reasonable to notify the General Assembly.	Education Article 18-701
General Assembly	An accounting of all financial receipts and expenditures to and from the Educational Excellence Fund.	Annually	This report should be made dependent upon the donation of money to the Fund.	Education Article 18-310

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
July				
Annual Operating Budget	Statutory	All Community Colleges	16-607 (c)	Provides MHEC with the information on the local government funding.
Comprehensive Financial Plan	Statutory (for Community Colleges) Demonstration of how productively and effectively each institution is using state-provided resources	All Publics	11-304 (Inferred)	Will be incorporated into the Accountability Report.
Capital Projects Letters of Intent	Alerts State to August submission.	State Aided Independents	11-105 (h) (3) (i) & (ii)	Allows projects to be considered at earlier date than submission.
Capital Projects Quarterly Reports	Project quarterly expenses for bond bill sale.	All Community Colleges	State/Fed requirement for bond reports	Needed to project expenses and to track progress of projects.
Capital Budget Requests	Statutory	All Public	11-105 (h) (2) & (3)	The basis for capital project analysis.
August				
Operating Budget Request	Statutory	Public 4-year	12-105	Needed for the annual budget recommendations.
Enrollment Report for Credit Courses for Fiscal Year Ending June 30	Statutory Verification of aid distribution per FTE	All Community Colleges	11-105 (j) (1); 16-305	Necessary to verify FTEs under state funding formula

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
August				
Enrollment Report for (Equated Credit) Continuing Education Courses for Fiscal Year Ending June 30	Statutory Verification of and distribution to state approved courses	All Community Colleges	11-105 (j) (1) 16-305	Necessary to verify FTEs under state funding formula.
Capital Budget Requests from MICUA	Statutory for Private Bond Bills	State Aided Independents	11-105 (h) (3) (i) & (ii)	Required for capital review.
September				
High School Graduate System (SOAR)	Planning/Policy Analysis Performance information about students who enrolled in a MD institution during a particular academic year and who graduated from high school the preceding year.	All publics except UMAB, UB, UMUC. 13 state-aided independents currently participating.	11-105 (g)	A valuable joint activity with MSDE. It is integral to planning and policy analysis.
Facility Program Statements Project Proposals	Required for all capital projects at State Institutions and Community Colleges	All Public 2-Year and 4-Year Institutions	11-105 (h) (3) (i) & (ii)	The basic justification for future capital project requests.
Utilization of Funds Intended Use Report	Regulations	State-aided Independents	Title 17; COMAR 13B.01.01.02	

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
October				
Financial Aid	Planning/Policy Analysis Institution level summary of student counts and total awards by financial aid categories.	All	11-105 (g)	Data is necessary to coordinate financial aid and is the only source for an overall picture of financial aid. It is used heavily in studies and is now released by segment.
Opening Fall Enrollment	Planning/Policy Analysis Preliminary opening fall college enrollment numbers.	All	11-105 (g)	Provides an early look at fall figures. It is heavily requested by the media.
Annual Financial Report	Statutory	All Community Colleges	COMAR 13B.07.03 16-305	Information is needed for audited FTEs for formula funding and for information required for budget coordination. It drives State aid calculation.
Credit Hours of Enrollment	Planning/Policy Analysis/Independent Aid Payment Number of credit and contact hours taken each fall.	All	17-104; Independent Aid	For the independent aid, the formula requires audited FTE. For the 2/4 year institutions, the data is needed to calculate FTDE for space analysis and capital budget recommendation.
Consolidated Annual Report (Financial Aid, Enrollment)	Statutory Planning/Policy Analysis	All Private Career Schools	13B.01.01	Provides important financial, administrative and programmatic information to MHEC.

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
October				
Transfer Student System (SOAR)	Planning Data Five-year performance information about undergraduates at public four-year campuses who transferred from a community collebe.	Only Public 4-Year Institutions	11-105 (g)	Data allows tracking of transfer community college students who earn bachelor's degree. It will be used a spart of the Accountability Report. It is also integral to planning and policy analysis.
Application to participate - Health Manpower Student Incentive Grant (HMSIG)	Statutory	Selected 2 and 4 year	18-804 (1)	Provides the necessary documentation for distributing State funds.
HMSIG Year End	Statutory		14-207	Provides the data needed for statutory required report.
Part-time Student Grant year End Report	Statutory		18-1404	Provides the necessary documentation for distributing State funds.
November				
Application/Acceptance/Admission	Planning Data Number of applicants who were accepted and the number who enrolled.	Only Public 4-Year Institutions	11-105 (g)	Provides information on campus selectivity.

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
November				
Institutional SAT Profile	Planning Data The average math and verbal SAT score and interquartile range for each campus.	Only 4-Year Public Institutions. Except UMAB, UB, and UMUC.	11-105 (g)	Tracks the progress in SAT scores. The information is frequently used.
Administrative Salary Survey	Statutory	All Community Colleges	**Repealed 1997**	
Admission Exempted Students	Planning Data A listing of the social security number of students admitted as exceptions to a campus' regular admission process.	Only Public 4-Year Institutions. Except UMAB, UB and UMUC	11-105 (g)	Information is used to examine how many students are retained and ultimately graduate. It is useful for accountability purposes.
Audit Report and Financial Statements	Statutory	All Community Colleges	11-315	Necessary under Statutory audit requirements.
Enrollment Report for Programs Approved for Statewide Funding	Statutory	All Community Colleges	11-105 (j) (1); 16-305	Provides the necessary documentation for distributing State funds.

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
November				
Enrollment Report for West Virginia Residents enrolled at Garrett Community College	Statutory	Garrett Community College	16-305; 11-105 (j) (1) 16-310 (a)	Provides the necessary documentation for distributing State funds under Tuition Reciprocity Agreement and 16-310 (a).
Enrollment Report for Somerset County Residents Attending Adjacent County Community College	Statutory	Relevant Community Colleges	16-305; 16-310 (b)	Provides the necessary documentation for distributing State funds under 16-305 and 16-310 (b).
December				
Management Letters & College Response	Statutory. Only submitted if there is a material weakness.	All Community Colleges	16-315	Necessary under statutory audit requirements.
Annual Student Learning Outcomes Assessment Report (SOAR)	Planning Data Statutory	All Publics	11-105 (g)	Necessary to track progress of institutions in this area.
March				
Facility Program Statements Projection Proposals	Basis for MHEC review of capital projects	All Public 2-Year and 4-Year Institutions	11-105	This information is needed for evaluation of projects.

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
May				
Space Inventories Updates	Planning Data	All		Necessary for capital program review. This is a systemwide building by building inventory.
June				
Minority Achievement Report	Statutory Information about each institution's progress in the recruitment and retention of minority students, faculty and staff.	All Publics Every 3 years	10-204 (8); 11-105 (r)	Necessary to track progress of institutions in this area.
Biennial Review Non-Credit courses	Statutory Review of inactive non-credit courses	All Community Colleges	11-105 (j); 16-305	Necessary to verify FTEs for State funding purpose.
Part-time Grant Program Audit Report	Any institution that receives State funds for part-time grants must provide MHEC with an annual audit describing the disposition of the funds.	Annually	Education Article, 18-1404	Unless the institutions provide this date, MHEC will not know how many students have received funding, whether or not all of the funds have been spent or need to be returned, or how many eligible.
Application to Participate in the Part-Time Grant Program	Statutory	All	18-1401	This is necessary to administer grants.

REPORTS REQUIRED FROM INSTITUTIONS OF POSTSECONDARY EDUCATION BY MHEC

Report	Purpose/Comments	Applicability	Source Citation (Law and/or Regulations	Reason For Report
Other Reports				
Survey of Baccalaureate Recipients (Biennial)	Planning Data Information about postgraduation educational achievement, employment and occupational status, current residency, and perceptions of college experience.	All 4-Year Publics and State-Aided Independents		This is the only source of outcome information about graduates from 4 year campuses. It is also used in the Accountability Report. It yields program-specific information.
Billing Roster for Scholarship Recipients	Statutory	All		Necessary to administer grants.
Academic Confirmation for Merit Scholarship Programs	Statutory	All	18-306 (d),18-706 (c) (2), 18-1102 (c) (2) (iv)	Necessary to administer grants.
Continuing Education courses for State Funding		All Community Colleges	16-305	The mechanism for determining State funding.